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For more information contact:

Competitive Enterprise Institute
1001 Connecticut Avenue, N.W.
Suite 1250
Washington, DC 20036
202/331-1010

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ENVIRONMENTAL
STUDIES PROGRAM

HOW TO DISMANTLE THE INTERIOR DEPARTMENT

Robert H. Nelson

June 1995

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1001 Connecticut Avenue NW, Suite 1250
Washington, DC 20036
(202) 331-1010 fax: (202) 331-0640

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EXECUTIVE SUMMARY

The Department of the Interior was created in 1849 as the new "Home Department" covering much of domestic affairs. Today, Interior is often thought of as the "Department of the West." In total, the Interior Department has jurisdiction over approximately 450 million acres of public lands — 20 percent of the land area of the United States. It has about 77,000 full-time employees. In fiscal 1994, the total operating budget of the Interior Department was \$7.6 billion.

Much of the Interior Department was created as part of the progressive-era plan for American government. The progressive vision sought rational and efficient management, to be achieved through the systematic application of science to the problems of American society. This vision of scientific management is no longer an adequate guide for American government. Indeed, our task today is to find a new guiding vision and to reshape American governing institutions accordingly.

Many features of the Interior Department's responsibilities and organization no longer make sense. In particular, the Department is a result of the major overreaching of the federal role that took place in this century. Interior serves as in effect a planning and zoning board for large areas of the rural West. The Interior Department has ended up doing many things that are properly state and local responsibilities; could be better done in the private sector, or are not appropriate to government at any level.

This paper proposes a radical reorganization of the Interior Department and its functions. The changes proposed would cumulatively have the effect of dismantling much of the Interior Department. The basis for this reorganization lies in four common sense principles:

1. Activities that can reasonably be carried out in the private sector should be done privately.

2. Activities that mostly involve state and local concerns should be administered by state and local governments.
3. The Federal government should limit its role to activities and concerns that involve major Federal interests and responsibilities.
4. Administrative organization at the Federal level should place similar functions in the same agency.

Applying these principles to the Department of the Interior would produce dramatic changes. The result would be to abolish altogether six of the current ten agencies located within the Department of the Interior — the Bureau of Land Management, Bureau of Reclamation, U.S. Geological Survey, National Biological Service, Minerals Management Service and Bureau of Mines. Three other agencies, the National Park Service, Fish and Wildlife Service, and Bureau of Indian Affairs would be sharply reduced in size. The majority of their current responsibilities — perhaps 75 percent — would be transferred to state governments, to tribes, and to private groups. The responsibilities of the Office of Surface Mining would be transferred to the Environmental Protection Agency.

Those responsibilities still remaining at the Interior Department would largely consist of management of lands retained in federal possession for reasons of their geology, history, rare wildlife or other features of special national significance. The various existing parts of the Interior Department now responsible for these lands could be consolidated into one overall land management agency.

It is difficult to predict the final cost savings that would result for the federal government from this plan. A reasonable estimate, however, is that approximately 50 percent of the current Interior Department budget, or \$3.8 billion annually, would eventually be saved at the federal level, if all this paper's recommendations were adopted.

HOW TO DISMANTLE THE INTERIOR DEPARTMENT

by Robert H. Nelson

INTRODUCTION

On January 3, 1995, Vice President Al Gore established a "Second Phase of the National Performance Review."¹ The Vice President stated that the purpose was to "examine the basic missions of government, looking at every single government program and agency to find and eliminate things that don't need to be done by the federal government." For each federal agency, the first question to be addressed should be: "If your agency were eliminated, how would the goals or programs of your agency be undertaken — by other agencies, by states or localities, by the private sector, or not at all?" A federal presence was only necessary for "goals or programs of national importance" that without federal involvement would remain "undone."

At the Department of the Interior, Phase Two of the reinventing government effort resulted in proposals, released in March 1995, to eliminate the Minerals Management Service and the Office of Territorial Affairs, along with some other lesser reforms. Overall, Interior estimated that 2,100 positions would be cut from the Department's existing level of 77,000 employees.

The criteria for Phase Two of the National Performance Review provide a good guide for reevaluating federal agency functions. However, in pursuing this stage of reinventing government, Vice President Gore and his aides lacked the courage of their convictions. Indeed, if they had applied the Phase Two criteria rigorously to the Interior Department, the result would have been a proposal for the dismantling of much of the Department, a proposal which is outlined in this paper.

The agency-by-agency proposals developed below show what would have happened if the Vice President had applied his own reinventing government criteria to the Interior Department, and had not also imposed large political, bureaucratic and other constraints on the effort.

THE INTERIOR DEPARTMENT

The Department of the Interior was created in 1849 as the new "Home Department" covering much of domestic affairs.² The forerunners of the current Departments of Agriculture, Labor, Commerce and Education, among a number of other existing federal agencies, were once located within Interior. In the 20th century, as departments were spun off, Interior became the "Department of the West." Current Interior agencies such as the Bureau of Land Management, the Bureau of Reclamation, and the Bureau of Indian Affairs have the great majority of their responsibilities in the Western United States.³ Although the National Park Service and the Fish and Wildlife Service manage significant lands in the East, the largest part of their responsibilities are also in the Western states.

Three Interior agencies, the U. S. Geological Survey, the Bureau of Mines, and the National Biological Service, have primarily data collection and scientific research responsibilities. The Office of Surface Mining regulates strip mining of coal deposits across the United States. The Minerals Management Service conducts the leasing of the federal oil and gas deposits on the Outer Continental Shelf and collects all federal mineral royalties.

In total, the Interior Department has jurisdiction over approximately 450 million acres of public lands — 20 percent of the land area of the United States.⁴ It has about 77,000 full time employees. In fiscal 1994, the total operating budget of the Interior Department was \$7.6 billion.

The U.S. Geological Survey, Bureau of Reclamation, Bureau of Mines, and National Park Services were all established in the progressive era at the end of the nineteenth and beginning of the twentieth centuries. They were part of the progressive-era plan for American government.⁵ Although established later, Interior agencies such as the Bureau of Land Management and the Fish and Wildlife Service are also guided by progressive precepts.

Progressivism emerged in reaction to wide public discontent with American political and economic institutions at the end of the nineteenth century. If politics was disorderly and corrupting, progressives sought instead rational and efficient management to be achieved through the systematic application of science to the problems of American society. They argued that democratic politics properly set the broader directions of government, but that all the details of implementation should be turned over to professional experts. These tenets of progressive faith reflected their assumptions that science is "value-neutral," that professionals will act "in the public interest," and that the management of government and business — indeed all of society — can be comprehensively planned on a scientific basis.

In essence, the progressive scheme was a moderated and uniquely American version of the socialist ideas of scientific management that were spreading at about the same time in Europe.⁶

This vision, however, is no longer an adequate guide for American government. All across the world, the legacy of failed socialist hopes for the scientific management of society is being dismantled through deregulation, privatization and other actions. Indeed, our task today is to find a new guiding vision and to reshape American governing institutions accordingly. This process must proceed at many levels, including the rethinking of the mission, organization and management of many existing government agencies and even entire departments.

At Interior, many features of the Department's responsibilities and organization no longer make sense. In particular, the Interior Department does many things that are properly state and local responsibilities, or could be better done in the private sector. For the eleven westernmost, lower 48 states, the Department manages 26 percent of their total land area.⁷ (The U.S. Forest Service, located in the Department of Agriculture, manages another 19 percent.) Elsewhere in the United States, such control over land use is a state and local matter. But in the West, Interior is in effect the planning and zoning board for much of the ordinary rural land. This pervasive federal control is today proving a growing irritant to the West. Property rights activists and other groups have sprung up to contest the historic federal dominance of infrastructure, land use, and other key decisions affecting the fate of the rural West.⁸

The progressive precepts that once justified the need for federal authority over such vast areas are no longer persuasive.⁹ Progressivism has been described by historians as "the gospel of efficiency," but federal land management today is widely recognized to be ineffective and inefficient. One recent study done at the Political Economy Research Center in Bozeman, Montana showed that forest lands managed by the State of Montana had costs almost 50 percent below similar lands managed by the federal government.¹⁰ The state lands made significant amounts of money for the State government while the federal lands required large subsidies from taxpayers around the nation. The need for a subsidy reflects not only the high federal costs of management but also the small amount of revenue often collected. Livestock grazing fees for state-owned lands, for example, are typically 50 to 100 percent higher than the federal grazing fee.¹¹

Federal land and resource management also has not served the environment well.¹² Federal subsidies have supported many environmentally destructive dams and timber sales in the West that would not have been privately undertaken. The federal land use planning process, which was supposed to ensure rational decision

making to protect the environment and meet other social goals, has instead become bogged down in litigation, procedural disputes, interest-group challenges, fierce ideological controversies and other obstructions to effective planning and management.¹³ The resulting gridlock makes it just as difficult to take new actions to protect the environment as to improve the efficiency of management.

In addition to an outmoded progressive ideology, the main forces supporting the status quo have been the internal agency bureaucracies that seek to protect existing jobs and outside groups that perceive change in the Department as a threat to their historic benefits. Although they often complain about the quality of federal management, miners, hunters, timber companies, wilderness users, livestock grazers and many others have all benefited substantially from federal subsidies. Western members of Congress have been reelected by ensuring that this flow of funds continues and by intervening with the land management agencies to help resolve specific constituent problems.

This paper proposes a radical reorganization of the Interior Department and its functions. The changes proposed would cumulatively have the effect of dismantling much of the Interior Department. The basis for this reorganization is four essentially simple principles:

1. Activities that can reasonably be carried out in the private sector should be done privately.
2. Activities that mostly involve state and local concerns should be administered by state and local governments.
3. The Federal government should limit its role to activities and concerns that involve major Federal interests and responsibilities.
4. Administrative organization at the Federal level should place similar functions in the same agency.

The agency-by-agency review below describes how the Interior Department should be reorganized and many of its responsibilities transferred elsewhere — to the private sector, to state and local governments, to other federal agencies, or to new agencies within the federal government. Some functions might be abolished altogether because they are no longer worth doing at any level.

Bureau of Land Management

The Bureau of Land Management (BLM) was created in 1946 from the old General Land Office and the Grazing Service.¹⁴ The General Land Office no longer had any significant function, since the era of public land disposal had passed. The Grazing Service largely served as a mechanism for policing grazing arrangements on the public lands that had been worked out among private ranchers before its creation. However, the informal private allocation of the range was unstable and needed a more formal enforcement mechanism. The BLM has been searching for a more “national-interest” mission ever since, but has never really found one. With a few exceptions, such as its wilderness areas, its role and responsibilities are of a state and local nature; there is little or no reason for federal involvement, other than the accidents of history.

Bureau of Land Management
 1995 Budget: \$631.8 million
 OMB Proposed 1996 Budget: \$651.1 million

BLM should be broken up and divested along the following lines:

1. Transfer the BLM lands to the states in which the lands are located. These lands serve essentially state and local functions. Existing private rights to the lands would be protected. Mineral rights would be transferred as well, although the Federal government might retain some overriding royalty share for oil and gas rights (to be paid by the new state owner to the Federal government). The Federal government might sugar coat this transfer and create incentives for the states to take the lands by agreeing to contribute to the management costs for some transitional period.
2. Sell off the mineral rights where the surface is privately owned. Fully half of all federally-owned coal lies under privately owned rangeland and other private surface, including most of the most valuable coal deposits in the Powder River Basin in Wyoming.¹⁵ (Production of federal coal from existing federal leases in the Powder River Basin supplies about 15 percent of total U.S. coal production.) Potential revenues from the sale of all federal minerals below private surface are estimated to be in the range of \$1 to \$3 billion.
3. Transfer to the National Park Service a limited number of BLM areas identified by the current wilderness review and other review processes as having genuine national recre-

ational, historic or other significance. These lands should be limited to those that have rare geologic, historic, or other features that are of genuine significant interest to people all across the United States.

4. Abolish the BLM.

Bureau of Reclamation

The Bureau of Reclamation falls in much the same category as the BLM. It was created in 1902 for a purpose — a “homestead act

for the West” — that no longer exists, if it ever did.¹⁶ The nation today suffers from no shortage of food and is paying many other farmers large subsidies to take land out of production. The West today needs more water to meet the demands of its rapidly growing urban populations and is seeking to transfer water out of low value agriculture uses, rather than create more agricultural uses.

The Bureau of Reclamation (BuRec) should be broken up and divested along the following lines:

1. Transfer water transmission facilities, pumping facilities and other assets that are mainly used by identifiable irrigation districts to these districts. The activities of these districts do not involve matters of national concern. In order to sweeten the pot to get the districts to accept all future operation and maintenance responsibilities, there would be no additional cost to the districts for the facilities beyond the assumption of existing debt repayment obligations and, if necessary, some portion of this might be cancelled.
2. Transfer BuRec facilities that have wider use but still have an impact mainly within a single state to that state. The most important such facility is the Central Valley Project in California. (The State of California requested several years ago that the Interior Department open negotiations on transfer of the CVP to the State.) The federal government might agree to pay some part of state operation and management costs for a transitional period.
3. Create a public corporation to manage BuRec facilities that significantly involve more than one state, and that thus could

<p><i>Bureau of Reclamation</i> 1995 Budget: \$791.6 million OMB Proposed 1996 Budget: \$784.3 million</p>
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not simply be turned over to a single state. A public corporation would be less political and thus would have greater ability to manage the facilities in an economically and environmentally sound fashion. The management of the corporation would be selected by the affected states. (An example of such a corporation is the Port Authority of New York, which is a joint creation of New York and New Jersey.) One such public corporation, for instance, might be created to manage the Colorado River system.

4. Sell off BuRec power generation facilities that are not integral to the operation of water supply facilities. Existing rights of preferential customers would be protected for the duration of their current contracts.
5. Abolish the Bureau of Reclamation. Some of its personnel and operations might be kept in the federal system, perhaps transferred to the Corps of Engineers where they could be employed in continuing water management activities.

U.S. Geological Survey

The U.S. Geological Survey (USGS) was created in 1879, at a time when there were few other research facilities or federal sources of

earth science funding and advice, and when the exploration and development of the West was a major national priority. Today, however, there are many alternative institutions capable of supplying the services provided by the USGS. The separate existence of the USGS tends to perpetuate and promote an overemphasis on its traditional scientific concerns, relative to other pressing national science needs.

The USGS should be broken up and divested as follows:

1. Transfer the basic research funding and functions of USGS to the National Science Foundation (NSF). There, geologic and water science funding would compete with other, possibly more important, national scientific needs. The specific research facilities now operated by USGS would be transferred to universities, where they could be funded by NSF — to the degree that NSF determined was appropriate.

<p><i>U.S. Geological Survey</i> 1995 Budget: \$891.4 OMB Proposed 1996 Budget: \$887.5</p>

2. Sell the USGS map sales and distribution functions to a private supplier. The production of most USGS maps should be subject to a market test. There is no major public interest in providing subsidized maps to hikers, fishermen, rock climbers and other typical users, and the production and distribution of such maps should be done in the private sector.
3. Eliminate the federal-state cooperative program of the water division. States could buy from private consultants the water studies that they now purchase from USGS. The fact that USGS provides up to 50 percent of the cost of these studies creates an undue incentive for states to undertake studies that they otherwise would not pay for themselves.
4. Abolish the USGS. Its water quality monitoring efforts could be transferred to EPA, where they probably belong anyway. Its stream flow monitoring could be transferred to states or to other operating agencies that require stream flow data.

National Park Service

The National Park Service was created in 1916, bringing together the management of a variety of parks that had already been established individually. The Park Service was created to manage parks such as Yellowstone, Yosemite, the Grand Canyon and other areas of major national interest. Over the years, however, the Park Service has added numerous "recreation areas," "historic sites," "urban parks," "national monuments," and so forth. Today, there are more than 350 units within the National Park System. Many, if not most, of these park units have much less national significance than the early parks.¹⁷ Their visitors often come largely from the same state in which the Park Service facilities are located. In the 1970s, the term "park barrel" was coined to explain the political forces bringing about many of the newer facilities. Private nonprofit groups often do as good or a better job, at much less expense to the government (e.g., Mount Vernon or Luray Caverns).

The Park Service should be reduced to a much smaller size, keeping only those limited facilities that are of truly national significance, and where there is a clear reason for a Federal management role.

1. Transfer National Parks in which visitation is 75 percent or more by residents of the same state to that state, where they might well be incorporated into the state park system. A few exceptions might be made where a park serves to protect an ecological more than a recreational purpose and the ecology being protected is of clear national significance (e.g., some of the Alaska parks). During a transitional period, the federal government could continue to provide funds for management purposes.
2. Transfer the urban parks, including Gateway, Golden Gate, Cuyahoga Valley, Santa Monica and Fire Island, to the state or to an appropriate local government.
3. Transfer most historic parks, battlefields, memorials, monuments, historic sites and other Park Service historic facilities either to local nonprofit groups or to state and local governments. Park Service historic facilities should be retained only where there is both a clear national interest and good reason to doubt that state or nonprofit management would be satisfactory. In order to promote the assumption of management responsibilities by nonprofit groups or states, the Federal government might continue to provide some of the management costs or provide an endowment as a starting point.
4. Transfer official national recreation areas, national seashores, national lakeshores, national rivers, national scenic trails, national parkways, and other Park Service facilities that meet largely state and local purposes to state and local governments or to nonprofit groups.
5. Retain a much streamlined National Park Service that would continue to operate those limited areas among its current responsibilities that are of genuine national concern to people across the United States.

Fish and Wildlife Service

The Fish and Wildlife Service (FWS) can be traced back to the Bureau of Fisheries, which was formed in

<p><i>National Park Service</i> 1995 Budget: \$1.12 billion OMB Proposed 1996 Budget: \$1.16 billion</p>
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<p><i>Fish and Wildlife Service</i> 1995 Budget: \$582.3 million OMB Proposed 1996 Budget: \$596.6 million</p>
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1871 and located in the Department of Commerce. It was merged with the Biological Survey, established in 1886 in the Department of Agriculture, to form the existing FWS in 1940. Somewhat like the BLM, the FWS serves a variety of aims and lacks a clear sense of purpose and mission. Wildlife refuges were originally conceived to be for wildlife purposes, but farming, grazing, hunting and other activities not allowed in National Parks were allowed in refuges. In recent years strong pressures have emerged to treat refuges as another version of the National Park System and to significantly restrict the types of use. Most refuges, however, lack the distinctive features that would make them a major national recreational, geologic or other special attraction.

The FWS should be sharply reduced in size and limited to those few of its activities that involve a wildlife mission that requires Federal involvement.

1. Transfer wildlife refuges that involve lands of major national recreational and ecological interest to the National Park Service.
2. Transfer other wildlife refuges that are not vital to the protection of an endangered species or other wildlife of major national interest to state (or local) governments, where they might well be included within state park systems.
3. Transfer fish hatcheries to state governments, or perhaps sell them in those cases where the users of hatchery services are able to pay a market price. Federal funds to help pay management costs could be provided for a transitional period.
4. Continue Fish and Wildlife Service management of the national wildfowl programs that involve many states, the endangered species program, international wildlife protective programs, and perhaps a few refuges that serve wildlife objectives of major national concern, insofar as such programs are authorized by Congress

National Biological Service

The National Biological Service (NBS) was proposed in April 1993, under the moniker "National Biological Survey," by Interior Secretary Bruce Babbitt. The NBS was to be established primarily by moving

<p><i>National Biological Service</i> 1995 Budget: \$214.8 million OMB Proposed 1996 Budget: \$205.5 million</p>

scientific research functions from the National Park Service and Fish and Wildlife Service to create a new agency. Secretary Babbitt said that the purpose of the NBS was to "provide a national focus for research, inventorying, and monitoring America's biological resources on an ecosystem basis," thus providing a scientific foundation for "ecosystem management."¹⁸

Ecosystem management is really an attempt to revive the old scientific management prescriptions of the progressive era. However, since scientific management in its original guise is now widely discredited, a new rhetoric of ecosystem management had to be devised to replace older and no longer popular terms such as regional and comprehensive land use planning. In essence a prescription for land use control, ecosystem management does not belong at the federal level. The federal government is not capable of amassing and wielding the amount of knowledge necessary for such ecological central planning. Local governments and community-based institutions, the proper place for locating land use management responsibilities, are better positioned to account for localized conditions and concerns, scientific and otherwise, than the federal government can ever hope to be.

At the time of its creation most Interior professionals opposed the NBS because they believed that in terms of federal management it would be better to improve the research capabilities of the National Park Service and Fish and Wildlife Service themselves. Establishing a separate science organization makes it less likely that scientific studies will be effectively applied in the routine tasks of land management that properly remain at the federal level.

The NBS should be broken up and divested as follows:

1. Transfer back to the National Park Service those scientific research functions of the NBS that serve remaining Park Service management tasks, and act to ensure that valid needs of the NPS for scientific knowledge are in fact met.
2. Transfer back to the FWS those scientific research functions of the NBS that serve remaining FWS management tasks, also upgrading FWS scientific capabilities as valid needs indicate.
3. Offer to universities and other federal agencies those facilities of the NBS that are no longer required for Interior purposes.
4. Abolish the NBS.

Minerals Management Service

The Minerals Management Service (MMS) was created in 1982. Since then, it has found it increasingly difficult to exercise manage-

ment control over the leasing of the oil and gas rights to the outer continental shelf (OCS). Although the MMS was created with the intention of serving extensive planned leasing activities off the Atlantic coastline, off California, and off Alaska, leasing in these areas has dwindled to minimal or nonexistent levels. The only major leasing activities occurring at present are in the Gulf of Mexico. (A few sales are also scheduled for Alaska.)

<p>Minerals Management Service 1995 Budget: \$199.0 million OMB Proposed 1996 Budget: \$207.3 million</p>
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Legal obstacles, political pressures, and other trends increasingly have made the states the co-partners in leasing, creating a time consuming and cumbersome process. The efficient long run utilization of these areas depends on giving the states a stronger direct interest in seeing them developed.¹⁹ As the responsibilities of the MMS have diminished, maintaining a separate Interior agency is no longer justified.

The MMS should be divided up and divested as follows:

1. Transfer remaining onshore minerals management responsibilities such as royalty collection to the owners of the minerals (e.g., states under the proposal made above and Indian tribes). They have the greatest interest in ensuring full royalty payments but also not spending large and unproductive amounts of money attempting to collect the last few dollars of royalties that might be due.
2. Transfer the mineral development rights to OCS areas with marginal current development prospects to the states.
3. Retain federal leasing of those OCS areas with significant current development prospects, but share revenues from newly issued leases on a 50-50 basis with the states. Seek to contract out the actual leasing function to each state.
4. Sell off the federal royalty streams from existing federal leases on the OCS to the lease holders or to private collection organizations.
5. Abolish the MMS.

Bureau of Mines

The Bureau of Mines was created in 1910 in order to provide for the safety of miners. The Bureau's mine safety responsibilities were transferred to the Department of Labor in the 1970s, leaving the agency without any significant role or mission. The Bureau has struggled since then to find activities that could justify its existence, including minerals data gathering and expanded environmental research. The Bureau's existing activities could either be better performed elsewhere in the federal government or outside the government. Minerals production plays a much smaller role in the economy today than when the Bureau of Mines was created.

<p>Bureau of Mines 1995 Budget: \$167.2 million OMB Proposed 1996 Budget: \$163.5 million</p>
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The Bureau of Mines should be abolished and its functions divested as follows:

1. Transfer information gathering and dissemination functions for the minerals industry to the Energy Information Agency in Department of Energy (DOE), to the Department of Commerce, or to private providers that would be willing to undertake some of these functions.
2. Sell the mining research and development functions of the Bureau of Mines to the private sector, which performs such functions for most industries. If some research and development functions genuinely justify a federal presence, they should be undertaken by other agencies such as the Office of Surface Mining, DOE, EPA (for air quality controls) and so forth.
3. Sell the helium stocks owned and managed by the Bureau of Mines to private operators and owners.
4. Eliminate all remaining functions of the Bureau of Mines as federal responsibilities and abolish the Bureau of Mines.

Office of Surface Mining

The Office of Surface Mining (OSM), like the MMS and NBS, is a more recent Interior agency, created by Congress in 1977.

The main responsibility of OSM is the regulation of surface coal mining across the United States. OSM establishes requirements for an acceptable state regulatory program and then largely oversees the operations of state agencies which administer OSM-approved regulatory programs.

Other than OSM, Interior has limited involvement with the Appalachian states that are the focus of OSM regulatory activity. Moreover, OSM replicates environmental responsibilities which are already within the purview of other regulatory agencies, such as the EPA. Many of the significant environmental impacts of surface coal mining relate to the protection of water quality, a responsibility administered by state agencies with EPA-approved programs under the requirements of the Clean Water Act. Some of the other impacts of surface coal mining are visual and aesthetic and arguably should be left to state and local governments to decide.

Those aspects of OSM's regulatory responsibilities that involve genuine national concern and are properly federal should more logically be the responsibility of the EPA. Those portions of OSM should be transferred to the EPA as part of focusing the remaining Interior Department mission on a limited set of park, wildlife and recreation issues of national significance. The remaining elements of the OSM, if there are any, should be eliminated.

Bureau of Indian Affairs

The Bureau of Indian Affairs (BIA) was founded in 1824, then located in the Department of War. Indian tribes were at first treated as

foreign nations with whom treaties were approved by the U.S. Senate. Thus, by long tradition, Indian affairs have been considered a federal responsibility.²⁰ However, the role of the BIA has long been diminishing as other federal agencies have taken direct responsibility for providing health, housing and other services to Indians. Tribes themselves have increasingly been administering their own affairs under "self-determination" policies, "self-governance" agreements and contracting-out approaches.

<p><i>Office of Surface Mining</i> 1995 Budget: \$111.7 million OMB Proposed 1996 Budget: \$108.0 million</p>

Those existing trends should be accelerated as follows:

1. Transfer the management of tribal minerals, timber, agricultural and other natural resources to the tribes themselves. The Federal government would continue to help pay for the management costs for a potentially lengthy transitional period.
2. Abolish much of the superstructure of detailed trust review by which the BIA has long sought to exercise precise control over tribal management and other details of tribal behavior.
3. Reduce the BIA drastically in size — through signing further self-governance agreements and other mechanisms — so that it serves mainly as a conduit for federal funds to tribes, as a "State Department" for conducting federal affairs with Indian tribes, and as an advocate for Indians in the Federal government. The BIA would concentrate its remaining efforts on providing technical advice and assistance to tribes, rather than engaging in the direct provision of services or the supervision of tribal activities. The tribes themselves would provide the bulk of services to their own members.

CONCLUSION

Reinventing government is not easy. The gainers are often national taxpayers who are diffuse and individually unaware of their stake in the matter. Although cumulatively they may obtain large gains across the nation, each gainer individually can expect to experience only a small individual reduction in taxes or reduced burdens of debt imposed on future generations. The losers, by contrast, are likely to be federal employees whose jobs are at stake and the direct recipients of federal services, often for free or at subsidized prices. These people have a large individual stake in the matter and tend to dominate the political and media response to any major budget cutting proposals. Real reassessment of the merits of federal government programs and significant cuts in areas no longer appropriately federal has thus largely proven impossible for many years.²¹

With current budget pressures, however, and with greater national interest in "reinventing" and "downsizing" government, the United States may be entering a transitional period during which old programs and assumptions will increasingly be called into question. Certainly the 104th Congress is well positioned to consider reforms that were unthinkable just a few years ago. This paper has shown

what would happen if the activities of the Interior Department were rigorously reassessed to limit them to functions that are clearly governmental and federal in character.

The result would be to abolish altogether six of the current ten agencies located within the Department of the Interior. These agencies are the Bureau of Land Management, Bureau of Reclamation, U. S. Geological Survey, National Biological Service, Minerals Management Service, and Bureau of Mines. The total 1995 budget of these six agencies is \$2.9 billion, approximately 40 percent of the total Interior budget.

Three other agencies, the National Park Service, Fish and Wildlife Service, and Bureau of Indian Affairs, would be sharply reduced in size. The majority of their current responsibilities — perhaps 75 percent — would be transferred to state governments, to tribes, and to private groups. These three agencies in 1995 have a total budget of \$3.3 billion, or about 45 percent of the total Interior budget.

Some of the functions and management responsibilities in the abolished or streamlined Interior agencies would be transferred to other federal agencies. Further detailed study would be necessary to make a precise delineation of the tasks that should be transferred and the associated shifts in budget lines from one federal agency to another. Hence, it is difficult to predict the final cost savings that would result for the federal government. A reasonable estimate, however, is that approximately 50 percent of the current Interior Department budget, or approximately \$3.8 billion annually, would eventually be saved at the federal level, if all the recommendations were adopted.

The remaining Interior responsibilities would largely consist of management of lands retained in federal possession for reasons of their geology, history, rare wildlife or other features of special national significance. The various existing parts of the Interior Department now responsible for these lands might be consolidated into one overall land management agency. Reflecting the much reduced administrative role of Interior, the support staff at the Department level for personnel, contracting and other matters could be sharply reduced. This would be another source of economies and federal budget savings.

Vice President Gore promised a real reinventing of government in 1993. Confronted with the strong opposition, loud complaints, and political pain that such an effort would inevitably have involved, he retreated from his own goal. He was right in the first instance; government does require reinventing. Now he has a Congress that should be willing to seriously engage in this project. This paper offers a plan for a real reinventing of government for one important cabinet agency, the U.S. Department of the Interior.²²

NOTE ON BUDGET FIGURES

The agency budgets shown in this report reflect real expenditures on programmatic activities of each agency. They exclude mineral revenue shares paid to states, payments in lieu of taxes (PILTs), and other transfers and budget items that do not represent real economic activity on the part of the agency. In addition, some items such as the budget for the Office of the Secretary are included in Interior budget totals but do not show up in any agency budgets. For these reasons, the Interior total budget exceeds the sum of the individual agency budgets shown above.

ABOUT THE AUTHOR

Robert Nelson is a professor at the School of Public Affairs of the University of Maryland and Senior Fellow in Environmental Studies of the Competitive Enterprise Institute. He served as a senior economist in the Office of Policy Analysis of the Department of the Interior, the principal policy office serving the Secretary of the Interior, from 1975 to 1993. During that time he served as the senior research manager for the President's Commission on Privatization (1988) and chief economist for the Commission on Fair Market Value Policy for Federal Coal Leasing (1984). Dr. Nelson has also served as a visiting scholar at the Brookings Institution and the Woods Hole Oceanographic Institute. He is author of several books, including *Zoning and Property Rights* (MIT Press, 1977), *The Making of Federal Coal Policy* (Duke University Press, 1983), and the forthcoming *Public Lands and Private Rights: The Failure of Scientific Management* (Rowman and Littlefield, 1995). He received a Ph.D. in economics from Princeton University in 1971.

ENDNOTES

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