

## 2 of 2 DOCUMENTS

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This administration believes that responsibilities and resources should be restored to the governments which are closest to the people served. This philosophy applies not only to State and local governments but also to federally recognized American Indian tribes.

When European colonial powers began to explore and colonize this land, they entered into treaties with sovereign Indian nations. Our new nation continued to make treaties and to deal with Indian tribes on a government-to-government basis. Throughout our history, despite periods of conflict and shifting national policies in Indian affairs, the government-to-government relationship between the United States and Indian tribes has endured. The Constitution, treaties, laws, and court decisions have consistently recognized a unique political relationship between Indian tribes and the United States which this administration pledges to uphold.

In 1970 President Nixon announced a national policy of self-determination for Indian tribes. At the heart of the new policy was a commitment by the Federal Government to foster and encourage tribal self-government. That commitment was signed into law in 1975 as the Indian Self-Determination and Education Assistance Act.

The principle of self-government set forth in this act was a good starting point. However, since 1975, there has been more rhetoric than action. Instead of fostering and encouraging self-government, Federal policies have by and large inhibited the political and economic development of the tribes. Excessive regulation and self-perpetuating bureaucracy have stifled local decisionmaking, thwarted Indian control of Indian resources, and promoted dependency rather than self-sufficiency.

This administration intends to reverse this trend by removing the obstacles to self-government and by creating a more favorable environment for the development of healthy reservation economies. Tribal governments, the Federal Government, and the private sector will all have a role. This administration will take a flexible approach which recognizes the diversity among tribes and the right of each tribe to set its own priorities and goals. Change will not happen overnight. Development will be charted by the tribes, not the Federal Government.

This administration honors the commitment this nation made in 1970 and 1975 to strengthen tribal governments and lessen Federal control over tribal governmental affairs. This administration is determined to turn these goals into reality. Our policy is to reaffirm dealing with Indian tribes on a government-to-government basis and to pursue the policy of self-government for Indian tribes without threatening termination.

In support of our policy, we shall continue to fulfill the Federal trust responsibility for the physical and financial resources we hold in trust for the tribes and their members. The fulfillment of this unique responsibility will be accomplished in accordance with the highest standards.

*Tribal Self-Government*

Tribal governments, like State and local governments, are more aware of the needs and desires of their citizens than in the Federal Government and should, therefore, have the primary responsibility for meeting those needs. The only effective way for Indian reservations to develop is through tribal governments which are responsive and accountable to their members.

Early in this nation's dealings with Indian tribes, Federal employees began to perform Indian tribal government functions. Despite the Indian Self-Determination Act, major tribal government functions — enforcing tribal laws, developing and managing tribal resources, providing health and social services, educating children — are frequently still carried on by Federal employees. The Federal Government must move away from this surrogate role which undermines the concept of self-government.

It is important to the concept of self-government that tribes reduce their dependence on Federal funds by providing a greater percentage of the cost of their self-government. Some tribes are already moving in this direction. This administration pledges to assist tribes in strengthening their governments by removing the Federal impediments to tribal self-government and tribal resource development. Necessary Federal funds will continue to be available. This administration affirms the right of tribes to determine the best way to meet the needs of their members and to establish and run programs which best meet those needs.

For those small tribes which have the greatest need to develop core governmental capacities, this administration has developed, through the Assistant Secretary of the Interior for Indian Affairs, the Small Tribes Initiative. This program will provide financial support necessary to allow these tribes to develop basic tribal administrative and management capabilities.

In keeping with the government-to-government relationship, Indian tribes are defined by law as eligible entities and receive direct funding, if they wish, in five block grant programs administered by the Department of Health and Human Services. These and other blocks to the States consolidated dozens of categorical Federal domestic assistance programs to reduce fragmentation and overlap, eliminate excessive Federal regulation, and provide for more local control. This administration now proposes that Indian tribes be eligible for direct funding in the Title XX social services block, the block with the largest appropriation and the greatest flexibility in service delivery.

In addition, we are moving the White House liaison for federally recognized tribes from the Office of Public Liaison to the Office of Intergovernmental Affairs, which maintains liaison with State and local governments. In the past several administrations, tribes have been placed along with vital interest groups, such as veterans, businessmen, and religious leaders. In moving the tribal government contact within the White House Intergovernmental Affairs staff, this administration is underscoring its commitment to recognizing tribal governments on a government-to-government basis.

Further, we are recommending that the Congress expand the authorized membership of the Advisory Commission on Intergovernmental Relations (42 U.S.C. 4273) to include a representative of Indian tribal governments. In the interim, before congressional action, we are requesting that the Assistant Secretary for Indian Affairs join the Commission as an observer. We also supported and signed into law the Indian Tribal Governmental Tax Status Act which provides tribal governments with essentially the same treatment under Federal tax laws as applies to other governments with regard to revenue raising and saving mechanisms.

In addition, this administration calls upon Congress to replace House Concurrent Resolution 108 of the 83d Congress, the resolution which established the now discredited policy of terminating the Federal-tribal relationship. Congress has implicitly rejected the termination policy by enacting the Indian Self-Determination and Education Assistance Act of 1975. However, because the termination policy declared in H. Con. Res. 108 has not been expressly and formally repudiated by a concurrent resolution of Congress, it continues to create among the Indian people an apprehension that the United States may not in the future honor the unique relationship between the Indian people and the Federal Government. A lingering threat of termination has no place in this administration's policy of self-government for Indian tribes, and I ask Congress to again express its support of self-government.

These actions are but the first steps in restoring control to tribal governments. Much more needs to be done. Without sound reservation economies, the concept of self-government has little meaning. In the past, despite good intentions, the Federal Government has been one of the major obstacles to economic progress. This administration intends to remove the impediments to economic development and to encourage cooperative efforts among the tribes, the Federal Government, and the private sector in developing reservation economies.

#### *Development of Reservation Economies*

The economies of American Indian reservations are extremely depressed, with unemployment rates among the highest in the country. Indian leaders have told this administration that the development of reservation economies is their number one priority. Growing economies provide jobs, promote self-sufficiency, and provide revenue for essential services. Past attempts to stimulate growth have been fragmented and largely ineffective. As a result, involvement of private industry

has been limited, with only infrequent success. Developing reservation economies offers a special challenge: devising investment procedures consistent with the trust status, removing legal barriers which restrict the type of contracts tribes can enter into, and reducing the numerous and complex regulations which hinder economic growth.

Tribes have had limited opportunities to invest in their own economies, because often there has been no established resource base for community investment and development. Many reservations lack a developed physical infrastructure, including utilities, transportation, and other public services. They also often lack the regulatory, adjudicatory, and enforcement mechanisms necessary to interact with the private sector for reservation economic development. Development on the reservation offers potential for tribes and individual entrepreneurs in manufacturing, agribusiness, and modern technology, as well as fishing, livestock, arts and crafts, and other traditional livelihoods.

Natural resources such as timber, fishing, and energy provide an avenue of development for many tribes. Tribal governments have the responsibility to determine the extent and the methods of developing the tribe's natural resources. The Federal Government's responsibility should not be used to hinder tribes from taking advantage of economic development opportunities.

With regard to energy resources, both the Indian tribes and the Nation stand to gain from the prudent development and management of the vast coal, oil, gas, uranium, and other resources found on Indian lands. As already demonstrated by a number of tribes, these resources can become the foundation for economic development on many reservations, while lessening our nation's dependence on imported oil. The Federal role is to encourage the production of energy resources in ways consistent with Indian values and priorities. To that end, we have strongly supported the use of creative agreements such as joint ventures and other non-lease agreements for the development of Indian mineral resources.

It is the free market which will supply the bulk of the capital investments required to develop tribal energy and other resources. A fundamental prerequisite to economic development is capital formation. The establishment of a financial structure that is a part of the Indian reservation community is essential to the development of Indian capital formation.

Federal support will be made available to tribes to assist them in developing the necessary management capability and in attracting private capital. As a first step in that direction, we provided funds in the FY 1983 budget to provide seed money to tribes to attract private funding for economic development ventures on reservations. As more tribes develop their capital resource base and increase their managerial expertise, they will have an opportunity to realize the maximum return on their investments and will be able to share an increasing portion of the business risk.

It is the policy of this administration to encourage private involvement, both Indian and non-Indian, in tribal economic development. In some cases, tribes and the private sector have already taken innovative approaches which have overcome the legislative and regulatory impediments to economic progress.

Since tribal governments have the primary responsibility for meeting the basic needs of Indian communities, they must be allowed the chance to succeed. This administration, therefore, is establishing a Presidential Advisory Commission on Indian Reservation Economies. The Commission, composed of tribal and private sector leaders, is to identify obstacles to economic growth in the public and private sector at all levels; examine and recommend changes in Federal law, regulations, and procedures to remove such obstacles; identify actions State, local, and tribal governments could take to rectify identified problems; and recommend ways for the private sector, both Indian and non-Indian, to participate in the development and growth of reservation economies. It is also to be charged with the responsibility for advising the President on recommended actions required to create a positive environment for the development and growth of reservation economies.

Numerous Federal agencies can offer specialized assistance and expertise to the tribes not only in economic development, but also in housing, health, education, job training, and other areas which are an integral part of reservation economies. It is to the advantage of the tribes, and in the interest of the taxpayers, that the Federal role be fully reviewed and coordinated. Therefore, this administration directs the Cabinet Council on Human Resources to act as a mechanism to ensure that Federal activities are non-duplicative, cost-effective, and consistent with the goal of encouraging self-government with a minimum of Federal interference.

#### *Summary*

This administration intends to restore tribal governments to their rightful place among the governments of this nation and to enable tribal governments, along with State and local governments, to resume control over their own affairs.

This administration has sought suggestions from Indian leaders in forming the policies which we have announced.

We intend to continue this dialog with the tribes as these policies are implemented.

The governmental and economic reforms proposed for the benefit of Indian tribes and their members cannot be achieved in a vacuum.

This nation's economic health — and that of the tribes — depends on adopting this administration's full economic recovery program. This program calls for eliminating excessive Federal spending and taxes, removing burdensome regulations, and establishing a sound monetary policy. A full economic recovery will unleash the potential strength of the private sector and ensure a vigorous economic climate for development which will benefit not only Indian people but all other Americans as well.

#### REAGAN ADMINISTRATION INDIAN POLICY INITIATIVES

Request that Congress repudiate House Concurrent Resolution 108 of the 83d Congress which called for termination of the Federal-tribal relationship. The administration wants this lingering threat of termination replaced by a resolution expressing its support of a government-to-government relationship.

Ask Congress to expand the authorized membership of the Advisory Commission on Intergovernmental Relations to include a representative of Indian tribal governments. In the interim, request that the Assistant Secretary of the Interior for Indian Affairs join the ACIR as an observer.

Move the White House liaison for federally recognized tribes from the Office of Public Liaison to the Office of Intergovernmental Affairs.

Establish a Presidential Advisory Commission on Indian Reservation Economies to identify obstacles to economic growth and recommend changes at all levels, recommend ways to encourage private sector involvement, and advise the President what actions are needed to create a positive environment for the development and growth of reservation economies.

Support direct funding to Indian tribes under the Title XX social services block grant to States.

Sought and obtained funds for FY 1983 to implement the Small Tribes Initiative to provide financial support needed to allow small tribes to develop basic tribal administrative and management capabilities.

Sought and obtained funds for FY 1983 to provide seed money for tribes for economic development ventures on reservations.

Supported and signed into law the Tribal Governmental Tax Status Act which will provide tribal governments with the same revenue raising and saving mechanisms available to other governments.

Support the use of creative agreements such as joint ventures and other non-lease agreements for the development of Indian mineral resources.

Direct the Cabinet Council on Human Resources to act as a review and coordination mechanism to ensure that Federal activities are non-duplicative, cost-effective, and consistent with the goal of encouraging tribal self-government with a minimum of Federal interference.