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The National Perspective

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I am honored to be here with you today; it is an honor to attend, let alone have the opportunity to speak to such a distinguished gathering of experts. According to the program, my task here this evening is to add to your discussions by offering a "national perspective" on the water resource issue. I'm happy to see that a distinction has been drawn between the "national" perspective and the "federal" perspective. I can assure you that while I will probably talk about both, I have a profound appreciation for the distinction between "national" and "federal," and will attempt to reflect it.

Because of my respect and admiration for those attending and speaking here, I make the following introductory statement cautiously but truthfully. I believe I am qualified by recent experience to discuss the perspective I have been assigned. As most of you know, as a result of actions taken by the president and Secretary Andrus—and at their directive—I've taken the lead role in the president's water policy reforms. I chaired the policy review process, the coordination of the actual formulation of the policy, and the actions that have been instrumental in its implementation. As a result of this responsibility, I think I can make a respectable claim to having taken an active role, over the last two and a half years, in more meetings, hearings, symposia, conferences, annual conventions, and down-home arguments on water policy than just about anyone I know.

Throughout this process, I've gained a number of impressions:

- I have witnessed both brilliant discussions and indescribably stupid and petty conflicts between federal water agencies.
- I've walked into congressional hearing rooms where the atmosphere was angry but the concerns legitimate, and into hearing rooms where the agenda was unabashed political theatrics.
- I've been to meetings of water groups from every region, and covering virtually every perspective on the issue.
- I've heard city councilmen from urban areas in the East tell me that their water system has totally deteriorated but that the federal government should pay to fix it because the last time they tried to raise water rates, someone got recalled.
- I've been told in Wyoming that, in the West, "water is like sex." Everyone is sure there is more of it around than there really is and sure that everyone is getting more of it than they are.
- I've heard dozens of times—East and West—that there is no problem, and the best federal role regarding water policy is to "leave well enough alone."
- I've gone through the fight to sustain a presidential veto of the public works appropriations bill and experienced the not-very-satisfying feeling of winning, but understanding that such a symbolic up-or-down vote doesn't give people on either side much chance to reflect the substantial consensus on values and objectives that I sincerely believe exists.
- I've been privileged to have quality learning experiences with Governor Matheson, Senator Gary Hart, and many others who thoughtfully represent the West, and are unstintingly honest and specific about the items where we do and don't agree.

In short, I have had tremendous opportunity to get a very broad perspective on all the issues surrounding water policy, both as the policy was developed, and as individuals and groups have reacted to it.

For some of you, the next question probably is: "If you've

got so much perspective, why the hell don't you start doing something right, then?" I guess the answer is that a central element of the national perspective is, like it or not, there are a good number of changing ideas today about what is right, what the priorities are, and how a national or federal policy can best address them.

First, it might be useful to put the present national discussion of water in some historic perspective. Certainly, we are in a discussion of water policy on a national scale that is at least the equal of any before. I don't want to overrepresent this because many of you know that, almost on a quadrennial cycle, we have a national "study" relating to water resources, and an attempt to institute new policy. Most of these studies have involved substantial debate, but most of them have gone on the shelf. There are some significant differences this time, and they are well worth noting here:

In the past, virtually every water policy review has resulted in good ideas and controversy. What has always been missing, however, was leadership and commitment. Without it, good ideas have simply been filed away. This time, the president asked to formally adopt the policy and to pursue it vigorously. It can't be filed away, and won't be while Jimmy Carter is president.

- This time, the interest in water policy goes far beyond the national level. The national action we stimulated has created or complemented genuine reassessments of water policy at the state and regional level, and the sweeping reassessment I see occurring is fueled by interests very close to home in every area of the country.
- There is a far greater sense of regional identity and strength in the water discussion than ever before. While the West has always had a strong sense of regional interest and identity, the existence of a growing water coalition in the urban Northeast is a strong indication that other regions will be heard from far more than ever before, and on a sustained basis.
- And finally, this debate on water policy is taking place, for the first time, in an atmosphere that suggests a poten-

tial crisis in water. The last national assessment provides the documentation for such a sense, and while the crisis is clearly not yet one of an absolute shortage of water, it can certainly be regarded as a growing crisis in water management systems.

Nationally, very few issues or institutions are escaping the sweeping reassessment of traditional water solutions which is now underway. Consider some of the basic, traditional policies, programs, institutions and issues that are under serious reconsideration and change:

- The basic structure and responsibilities of the Water Resources Council (WRC) are undergoing significant change; until this policy review, it had remained unchanged since Congress created it in 1965.
- The Reclamation Act of 1902 is now being altered dramatically after decades without change. This is one of the fundamental programs of the federal water program and its most basic elements are under review.
- The basic structure for financing most federal water projects is being seriously reconsidered. New ideas, some radically new, are under active consideration.
- A presidential veto, sustained by Congress, of the public works appropriations bill last year, and another seriously considered this year, have led to a redefinition of the congressional-executive relationship and the strengths of various regional areas as they affect federal water programs.
- An active attempt on the part of urban areas to seek a greater share of federal funds for water supply has begun to shift the political balance that has existed for funding water projects for decades.
- The demands of new water uses are being assessed, and existing systems analyzed for their capability to meet new, high priority needs. In this region, there can be no doubt that energy uses are the new demands to consider and seek ways of accommodating.

Obviously, the list goes on, but the point is clear, this is a time when many of the fundamental, traditional water resources solutions are, at the minimum, being reassessed, and more likely, being changed. I can easily understand this as a period of deep concern and dislocation for those who genuinely believe that no change is necessary in the existing national water policies and institutions.

I can also understand that, depending on your perspective, much of the credit, or the blame, for the dynamic status of national water policy issues can be attributed to the president's policy and his continued interest in water issues. Putting this feeling in perspective, however, I believe that the more accurate judgment is that the president only accelerated a debate that was in most areas both imminent and inevitable anyway. Inevitable or not, however, the early stages of the water policy discussion were not well handled. I believe Governor Matheson's identification of the "hit list" as the worst way to start is painfully accurate. I think I can say now, however, that we are steadily leaving the period of rhetorical confrontation behind us and focusing on the real issues.

The real issue, from the national perspective, is not preemption of state water rights systems.

- The president's policy agrees that "the states have primary authority and responsibility for water resources."
- We assiduously avoided those actions in the policy that went fundamentally to the basic state systems. While there will be continuing concern about protecting the state systems, it is in most respects fading as an issue in the president's policy because we kept our promise in this area, and most western leaders recognize this. In those specific areas where it remains an issue, we remain open to discussing it.
- In some cases, the strict avoidance of this fundamental federal/state conflict was in the face of strong evidence that individual states were not fully coping with some elements of that basic state system. Groundwater control comes readily to mind as an example of where problems

exist—where state responsibility is basic, but where in some areas that responsibility is not being carried out very well.

Even in energy, it has been our position not only to honor state water systems regarding slurry lines, but to require gubernatorial approval. Some confusion has recently emerged about the position of the administration on protecting state water prerogatives in the debate on the Energy Mobilization Board. I can assure you, despite what you may have heard, the administration supports the right of states to retain preeminent authority over water rights, and nothing in the president's proposal is intended to alter the basic state systems.

If "states rights" is not the issue, what is? From the national perspective, I believe federal programs are a large part of the issue. There are few better examples of this than the attention the president has given to the issue of federally-financed construction of water projects.

Here, what has been traditional for decades is now very much at issue, not only because of presidential action, but because there is a national demand for better programs. The items at issue are basic.

- How projects are planned (at a time when the appropriate state and federal roles are under intense discussion).
- How they should be evaluated, both economically and environmentally (at a time when costs are rising and fewer acceptable sites can be found).
- How projects are financed (at a time when the competition for budget dollars is tougher than ever before).
- How priorities for competing projects should be set (considering both old objectives, such as irrigation, and new ones, such as energy and urban water supply).

Every one of these issues is forcefully emerging, and there is no question that, with or without President Carter's actions, each would have to be addressed in the next few years. As it is, the president did not wait; he set the agenda, and it is being

taken up in virtually every quarter. Governor Matheson complimented the president for not vetoing this year's public works appropriations bill, and I'll accept that compliment for the administration. But some perspective on it might help:

1. Overall, it was a better bill than last year's. We believe the veto of last year's bill has impressed upon the Congress the need for restraint and judgment. You will note there are no hit-list projects this year and the number of un-budgeted new starts is lower than any year in memory.
2. The governor takes the failure to veto as a good sign. I agree, and perhaps that will help convince people that the administration is *not* anti-water development. The accomplishments of federal water programs should be—and are—well recognized. The federal water programs can properly claim important accomplishments in settling the West and creating a new agriculture, in limiting flood losses, and in contributing to substantial economic development of all kinds. This record continues today, however, it is at a diminishing pace.
3. This action does not end the president's or the national concern about the quality of federal water programs or the projects they construct. Those concerns, on the part of the president, the secretary and myself are as deep and as real regarding the federal programs as they were in 1977. They are as strong where we can do a better job of efficiently using water (housing, water treatment, and others) as they are for planning the right solution, the lowest cost solution, to a water problem or insuring we build the most important and best project first.

From the national perspective, I believe the real question is whether we will continue to rely on the traditional programs, or whether we will recognize their shortcomings in the modern context and boldly make the reforms that are essential to modernize them. Although I have suggested that the debate, and even the agenda, are to some extent inevitable, the real answers on reform of the traditional system are still outstanding.

Today, the federal government still spends between \$2 and

\$3 billion per year on water through more than 25 agencies (not including EPA). The system for spending this massive amount of money has competing and sometimes conflicting objectives, inconsistent standards, overadministration, and, in many cases, a range of solutions that is simply too narrow for the complex water problems that exist today.

These are the problems to which the president's water policy is addressed. There is no question that the response to much of the policy has been controversy, but that is accepted so long as we move forward to better solutions to contemporary water resources problems. Perhaps the best sign of the success of the policy is the debate it has provoked and the alternative policies suggested by others on issues where, in the past, the status quo was acceptable to so many. As I said, the verdict is not yet in, but results thus far are encouraging regarding the policy. Let me turn to a report on the implementation of the policy itself.

In the area of improving planning:

1. The standard planning manual for federal agencies under the Principles and Standards (P&S) will be finalized this fall. The goal—a more efficient, uniform approach to planning.
2. The independent project review is still under congressional consideration (with mixed reviews) but the administration intends to send to Congress no further projects until this issue is further resolved. I believe we will ultimately reach a compromise on this issue.
3. Revisions to the P&S for water conservation and non-structural solutions are in final review and will be final this fall.
4. Congress is actively considering the future structure and role of the WRC. The most likely outcome, in my view, is an expanded and more effective council.

In the area of improved state-federal cooperation:

1. While neither of the new proposed state grant programs is completely through congressional consideration, both are getting favorable consideration. Both the state planning grant and water conservation programs will likely pass this

year, and this will improve the ability of the federal government to work with stronger state' water systems nationwide. nationwide.

2. The cost-sharing proposal has provoked major debate, but has also inspired an alternative proposal that would make sweeping changes in all federal water programs. While we continue to favor the president's proposal, we consider the debate extremely useful, and far from closed.
3. The water policy message and subsequent agency actions have also begun to resolve a problem of major proportions for some states—the nature and extent of federal water rights. A recent Department of the Interior policy document released as part of the water policy implementation effort proposes to clarify these rights for the first time, beginning action to remove the cloud which now hangs over the limited supplies of water in the western states. Specifically, the report proposes to (1) quantify all federal water rights and to establish a date after which no new rights would be claimed; (2) attempt to negotiate rather than litigate most conflicting claims; and (3) utilize state courts and state administrative procedures wherever possible. It is useful to note in the midst of conflict over federal water rights and this solicitor's opinion that this is the first time any administration has overruled the objections of the Department of Justice to specifically spell out these rights. This is the result the states strongly sought. While it was predictable that there would be disagreement about the federal rights, once specified, we can now move toward resolution based on a better sense of the issue than ever before.

In the area of water conservation: For the first time, the conservation of water will be a stated principle in the future development of water resources. Significant progress in implementing this has already been made through the revision of many agency practices and procedures. The Environmental Protection Agency will require flow reduction of all recipients of wastewater treatment grants; the Department of Agriculture will tie some agricultural assistance funds to water conservation efforts; the Department of Housing and Urban Development will fund

water conserving devices in publicly subsidized residences; and the Farmer's Home Administration will require water conservation efforts from its grant recipients. In addition, upcoming agency budgets are being revised to reflect greater emphasis on water conservation and reuse.

In the area of environmental quality: Much of the concern over the present methods of developing water projects has been generated by growing dissatisfaction with the impact of those projects on the nation's other natural and cultural resources. The issuance of an executive order on floodplain management is a good example of how this concern has been addressed through the president's water policy message. Almost seventy-five federal agencies conduct activities that have an impact on floodplains, often in harmful or wasteful ways. By the end of this year, every one of those agencies will have adopted improved agency practices designed to reduce adverse impacts on floodplains, an activity that will not only reduce environmental losses but also the damage to property and communities caused by floods. The president has also directed in his message that each new project proposal consider a primarily nonstructural alternative in order to reduce the disruption and destruction of natural and human communities. The president's message has also resulted in the issuance of the first regulations ever to implement the Fish and Wildlife Coordination Act and the Historic Preservation Act, two laws that will help preserve and promote our environmental and historic resources. In summary, the implementation of the president's policy remains active and enthusiastic. As with any broad national policy, some elements are being accepted more easily than others.

Major issues, such as joint federal-state financing of water projects should be debated in detail before a **change** is made. Significantly, however, much of the debate is now on the type of cost sharing that will work best, rather than an all-or-none debate on cost sharing itself.

Overall, our general feeling at this time is favorable given realistic rather than idealistic expectations for so large and difficult a policy area. Contrary to some feelings that the policy

has slackened, I suggest that there are real changes occurring at a rapid pace, and all sectors of the water community should remain active and constructive in the process. For my part, I will be most happy if we can improve all federal programs so that they are water and cost efficient, honest and modern in their economics and selection of solutions, and publicly credible in the priorities chosen for use of the budget. I believe these things, and more, are possible. Generally, I see our approach as continuing to be one of intense presidential interest in water. I believe it is crucial that the dialogue be continually improved so that whatever the political outcome, there exists a growing capability for federal water programs to serve the West.