California overawes. Khrushchev notably, and other foreign visitors routinely, include the Golden State in official itineraries. Bureaucrats from Washington have the uncomfortable feeling that even the federal ascendancy in the size and complexity of their bureaucracy has been challenged, if not in Sacramento, then in Los Angeles.

You've grown away from your original Westernness; Idahoans, Montanans, Utahns, and New Mexicans no longer identify with you, or you with them. You are unique; you glory in being number one in population. The Mountain West, the Northwest, the Southwest, the Desert and the Great Basin are all prefixes for State groupings which pull away from you to escape being swallowed up in your statistics.

Areas within your State are as remote by their mountainness as any in my own Idaho; as forested as Oregon and Washington, as sage-brush arid as Nevada, more desert than Arizona.

Some of these areas (cow counties, you call them) support communities which manage to retain individuality and flavor and identity. Other areas are barren. But in varying degree they all bear the threat or promise of California's burgeoning demand for land, for space, for openness.

The United States of America is proprietor of a major portion of the as yet undeveloped area of your State; for the State as a whole just about half of the land and water area is in federal ownership; more than one-fifth of your State is under Interior's management.

My purpose tonight is to discuss with you the implications of Federal ownership and management of land and resources in the context of your general topic, The Challenge of Growth.

Although I will try to relate to California occasionally, my subject concerns the stewardship of the federal natural resources estate in the public land states generally. Neighboring Nevada, for example, is 86 percent federal; the average of the Western states exclusive of Alaska is about fifty percent, the same as California; in Alaska, the percentage goes to 98 percent.
Although the two principal federal land managers are the Departments of Interior and Agriculture, I shan't pretend to draw precise bureaucratic distinctions.

The natural resources and conservation program of the federal government embraces the incomparable scenic beauty of our national parks; the human and natural wealth of our Indian reservations; our national forests; grasslands for livestock and for wildlife; mines and oil fields; and irrigation, power and flood control projects. It is of these that I speak. For these great national assets are not compartments, to be separately administered and separately valued. They are a part of the fabric of our national economy -- and a critical part of the regional economy of the non-metropolitan West.

The centralization of financial and service industries, advertising and entertainment, and the great defense and space complexes in California may overshadow the resource based industries. But there can be no division between urban and industrial prosperity and rural and raw material prosperity. Our nation is one nation, and we stand or fall together. The West is one region and rural recession will soon engulf the cities.

In the industrial and urban East, and in the industrial and urban parts of California, the federal government's stewardship of land and resources has little immediacy. But in a State like Nevada, or in a California county like Lassen, where the land ownership is four-fifths or more Federal, the management and administration of the lands and the resources is felt keenly in every city and town, and in the business and governmental life of the community. It is a source of strength and a source of friction, and I want to speak of both.

Riverside county, to cite an intermediate situation, is headquarters of the largest field establishment of Interior's Bureau of Land Management. In the county in which we meet for this conference, federal land is the expansion room. In the northern counties, the demand is for timber to support sawmills, for mineral leases and mining claims, for forage for livestock enterprises. But, in this section, the demand is for land as land -- for room to build plants and parks, homes and schools, for a desert cabin and recreation opportunities. Here also is opportunity and frustration.

Why is there both strength and friction, both opportunity and frustration? In a moment we will look to history and the economic effects of federal stewardship to cast light on this paradox. The positive aspect, the strength and the opportunity of the federal ownership of land is that the land is there, and it can contribute mightily in meeting the need for more land as land. The negative aspect, the friction and frustration, is that the laws and procedures governing the management of the land and resources
are extraordinarily complex and inhibiting. In these land matters -- small tract applications, desert land entries, recreation and public purpose applications, and mining claims -- the citizen meets his government in a tangle of law and procedure. The transaction won't support a lawyer, generally, and land law practice is a dying specialty.

There is trouble for land law administration also in negativism about the federal government widely prevalent. The federal government ownership sign on so much Western real estate makes the federal manager the target of this feeling. The simple cry is that the land is not on the tax rolls; it isn't a help, but rather a burden. Uncritical acceptance of such a thesis is found in a lot of places like universities, where the people ought to be able to find and evaluate the facts.

I don't think this mood has always existed. In the Western public land states, the federal public land and resource development programs have generally been popular, and the record supports this feeling of confidence. The proudest segment of our private enterprise economy is irrigated agriculture. The federal government has invested one and a quarter billion dollars of development capital into irrigation storage projects in the West. The effort, at least at the time and place the investments were made, has generally been appreciated.

These funds are 92 percent repaid to the Federal Treasury, which promotes a feeling of independence on the part of the beneficiaries, but in the areas affected, the public has understood that the initial financing made it possible for the local government treasuries and the local economy to benefit. They've known that the thirteen farming family opportunities are provided on every thousand acres of irrigated land; that private investment adds $425 to the federal investment on each acre; and that from such effort, public and private, comes average crop production of $138 per acre. On an average, each thousand acres supports 66 jobs and 163 persons.

The farmers who have benefitted from the great reclamation projects have not been thought to need education on the wisdom of the Reclamation Act of 1902, but they add their voices to a chorus of discontent.

The Reclamation Act, and the Flood Control Act of 1944, not only have brought stable agriculture and security from devastating floods, but under the multiple-purpose principle incorporated in the law have laid the foundation for a thriving industrial development.

Without water, there is no industrial life. Water, and the power generated from its fall from the mountains to the sea supports aluminum in the Northwest, phosphates in the mountain country, electronics and light industry, iron and steel, new building materials developments, and a myriad of other evidences of the growing importance of the West as an industrial center.
California knows, however, that if the challenge of growth is to be met, there must be some hard thinking, and some education, even about water development. Here the University community can play a major role.

For a starter, take Roger Revelle's fascinating article about water in last month's *Scientific American*. Water, he says, is a raw material. Although it is cheap and generally ignored as one of the raw materials in economic statistics, we use so much of it that capital costs for water development are comparable to other kinds of investment -- about $10 billion annually. Mr. Revelle cites his colleague Nathaniel Wollman of the University of New Mexico to the effect that the average value added to the economy of the Southwest through the use of water in irrigation is $44 to $51 an acre-foot, whereas the value gained from recreational uses could be about $250 an acre-foot, and from industrial uses $3,000 to $4,000 an acre-foot.

Throughout human history, water or the lack of it, has been the cause of bloody wars -- from primitive man's covetous yearning for a bubbling spring to the current missile rattling over diversion of the Jordan River. Within the lives of persons in this room, gunfire has cracked over the waterholes on our range lands. Thus it is an encouraging sign of human advancement and sophistication that California and Arizona should have plodded patiently through more than thirty years of litigation over title to the waters of the Colorado.

And all this litigation failed to produce a definitive decree. The decision in *Arizona v. California* merely deposits the question where, in the opinion of the Court, Congress left it -- in the lap of the Secretary of the Interior. Even if the Secretary proves to possess the Solomonic wisdom which the problem demands, it is doubtful whether the realities of the situation would permit him to exercise such powers to the satisfaction of any of the various interests affected. Yet the time lost was precious time -- the day of water crisis for the southwest is upon us. No longer some remotely threatening omnipresence, it is the key to whether your growth and prosperity will continue or shrivel in the desiccating wind of a water-starved land.

This, then, is one of the major challenges that you are meeting to discuss. Fortunately, you are not alone in facing that challenge -- it confronts the other public and private interests, our Department, and the Congress itself. In meeting its share of this burden, the Department is working on a Pacific Southwest Water Plan. This involves closest coordination with the affected States, and cooperation happily exists. For California, a disappointment in the courts may turn out to be an opportunity to gain the benefits of additional federal investment for water development which will reflect the changed economic circumstances.
Canals divide green from brown areas, and we tend to think of the green as valuable and the brown as waste. Not so. The upland slopes and high mountain valleys provide watershed and forage, wildlife habitat, indeed the concept of space itself -- all vital to America. Interdependence is the hallmark of the intensified management all of our land is getting.

State and local governing boards and private citizens covet the supposedly "worthless" lands. The federal proprietor sees (sometimes but dimly) the interdependence of the total land resource. He sees or senses danger of its thoughtless fragmentation, but is often unable to articulate his concern on any better ground than that his bureaucratic security is threatened.

Here again the University ought to step in with a little basic education, with some clarification.

A major movement is now under way to review the public land laws. Chairman Aspinall of the House Interior Committee had hearings again last week about his bill to create a Public Land Law Review Commission to examine into the disposition and management laws which affect our public land, and the policies and programs of the executive agencies in this connection.

We can no more expect the principles and philosophy of agricultural settlement of arid lands to be an adequate test for their disposition than we can tie all of our water development in the arid Southwest to irrigated agriculture.

To get an idea of the scope of the problem in just one of the public land states, your own, bear in mind that the sixteen million acres of unappropriated, unreserved public domain federal land in California (out of a hundred million acres for the State's total area, to make percentages easy), is a residual estate. It is what is now left from the much larger area which was federal at the time of statehood. For example, California has received almost nine million acres by way of grants for schools and the like; over eleven million was granted by a generous Congress to railroads. Other millions have been patented by the homestead, stockraising homestead, and desert land entry acts, and under the mining laws.

What is left is still subject to agricultural entry laws, but it is noteworthy that in 1962 only seven homestead and five desert land patents were issued in California, covering less than 1,500 acres in total. By way of contrast, 1,231 small tracts were patented in the same period involving more than 5,000 acres.
The current and future demand is not and will not be for agriculture, any more than the demand for water will be primarily for agriculture. Private demand on the public domain may lessen, but the acreage sought will be of more critical importance -- for industrial plants and residential development, for example. Public demand, particularly for recreation, will grow but even here the demand will not be for great areas, but high density or intensive use areas. Quite likely the total acreage in federal stewardship has achieved stability, not from a conscious policy of retention, but rather by reason of the workings of principles of the economics of land use.

There is, as I've said, no philosophy or doctrinaire commitment to keep these lands in Federal ownership. But areas suitable for agricultural entry have been taken up, virtually in their entirety. There simply is no more land to be had under this type of law, mainly because nobody really wants the land for those purposes. Many areas in Federal ownership ought to be disposed of or exchanged, for one thing because their management costs more than the land is worth, considering all the circumstances. We need the power to accommodate more easily to the needs of cities for expansion, through disposition on a wholesale basis.

I have hinted at some of the general factors which ought to be considered in judging federal programs and federal stewardship. Let me be a little more specific, starting with one of the major national resources, timber. Four-fifths of America's merchantable coniferous timber is in the West, three-fifths of it in public ownership.

How this great resource is managed, both the public and the private segment, is a living memorial to a federal forester, Gifford Pinchot, for his philosophy of sustained yield and multiple use is now virtually universally accepted -- by private owners as well as public.

Timber and related industries are a vital segment of the national economy, almost five percent of the total nationally and accounting for 3.3 million jobs. The management of public timber supported private business.

This resource is managed on sound conservation principles, but we are keenly aware of what the health of the industry dependent on federal timber means to the local communities in timbered areas.

The industry faces problems, but the basic problems do not arise from management of the federal resource, but rather from other economic forces, such as the accelerating rate of imports of Canadian lumber and the competition of new products derived from our technological prowess.

Many of the same things can be said about the great mineral industry of the West. Western lands produce almost every one of our minerals, including coal, copper, phosphates, uranium and petroleum, trillions of
cubic feet of natural gas and all of our helium — much of this is on public lands open for private industry to extract and market under the mining laws or under leases. Gold, silver and lead and zinc are long time leaders in mineral statistics. Just in the eight mountain states, the mineral industry employs 85,000 men, with a payroll of almost half a billion dollars.

Minerals, like lumber and other basic materials, cannot be considered apart from transportation, imports, exports, technological changes, and national stockpiling requirements. These are serious problems, and we are acutely aware of the concern felt throughout the West about the health of the domestic minerals industry. These matters are receiving continuous attention, and we are confident that the American producers will continue the trend toward integration of their operations to be in a better position to meet the changing conditions affecting markets world-wide.

Furthermore, frontiers of new mineral development are being opened up by research. In the fossil fuels, particularly, resources of energy are found where none were recognized a generation ago. The oil shale resource of Colorado, Wyoming and Utah vastly expands our national petroleum reserves, and we are rapidly approaching the threshold of its development. Research, too, is enabling us to upgrade Western coals, to strengthen the Western steel industry. Coal pipelines may open coalfields of this region for the Pacific Coast market. Scientific inquiry in the minerals of the Western States must inevitably augment the stable economic base of this region.

The resources of the federal lands are not locked up. They do not compete with, but rather sustain, the private sector of the economy. A landmark piece of federal legislation, the Taylor Grazing Act brought stability to the livestock industry dependent on the federal range, and that industry is healthy and stable.

It is perhaps inevitable that some conflict should exist between the federal government and the users of the range — that seems to be traditional. But there is striking evidence of recent cooperation and mutual understanding. Early this year there was a substantial increase planned for fees for grazing on public lands. We were prepared for a bitter reaction which didn't come. The advisory board of this industry and the government people had threshed this out over many months, and that although the users didn't like the increase they recognized that it was necessary.

Now the livestock industry and the federal range managers are giving more and more attention to a cooperative effort toward rehabilitation of the range, and less attention to the acrimonious question of how it came to need rehabilitation. Conservation must be a cooperative effort, for the task to be done cannot be accomplished by either side alone.
In addition to providing the raw materials for the economy of the West and jobs for its people, the Federally owned public lands have made a direct dollars and cents contribution to those communities. Our part of this cooperation has included acceleration of our programs for vital soil and moisture and range rehabilitation work, as the President promised in his first conservation message to Congress in 1961. Over the total history of Federal stewardship, these public lands have produced revenues in excess of $3.1 billion -- from the sale of the lands themselves and the mineral, timber and other resources they produce. Nearly two-thirds of this income has been realized in the past fifteen years.

Nearly one half of these revenues -- about $1.5 billion -- has been returned to the public land states. Over $680 million has been remitted to the states and counties for their own use to supplement tax revenues -- to build schools and roads and to provide other public services. Almost $800 million was deposited in the Reclamation Fund and used for projects exclusively benefiting Western states in the form of irrigation and hydroelectric power projects. Thus, the western community has shared as a full partner in the reinvestment of public land income.

No one asserts that the system works entirely equitably. Limitations in the laws, for example, make it impossible for timber sales revenues paid to the States to be applied to general governmental purposes, but only to roads and schools. Some counties have surpluses in these funds, and serious deficiencies in their general fund, and no tax base for their general fund.

But the direct payments are not the most significant aspect. Of much more importance is the fact that the lands are available for many uses, both public and private. The public uses like watershed protection, recreation, flood control, and wildlife habitat do not preclude the private uses like livestock grazing, timber harvest, mining and mineral leasing. These are the backbone of the economy of the West.

Outdoor recreation also has become a big industry dependent in large part on federal land and federal water. Recreation is a twelve-billion dollar industry. As I said earlier, the in-put to a local economy of recreation use of water is as much as five times as great as that for irrigation. This is not to minimize irrigation, but to emphasize that the great richness of this region in the recreation resource is also an economic boon to the area which supports local business, local jobs, the whole local and regional economy.

All of these resources are a part of the fabric of our regional and national life. Wise management is essential. The basic economy of the West is largely dependent on the stewardship of these resources. We are proud of the gains made under this stewardship, but we are deeply sensible of the demands of the future which call for a yet higher order.
I want to make a final specific point. I have outlined the revenue returns enjoyed by the States from federal stewardship -- percentages of forest receipts, of oil and other mineral royalties -- and the indirect support to the private sector. Still I hear the cry, over and over, that there is a loss of tax base.

To paraphrase a well-known aphorism usually reserved for politicians and generals, economics is too important to the general welfare to be fenced in as the private domain of professional economists. Somehow, before it is too late and the States lose some of the unappreciated benefits of federal ownership, the economic impact of this continued federal stewardship must be comprehended.

Do the assessors of the public land counties recognize, for example, how much the value of the base ranch is increased by the Taylor Grazing privileges associated with it, and that all of this is on the tax rolls? Are the people of the public land states aware that the federal share of allocations for highway construction on the federal-aid primary and interstate systems is increased by the percentage of public domain lands in their states?

Under the formula set forth in the Federal Aid Highway Act, the 16 million acres of public domain land in California will result in an increase of the Federal share in 1964 of $12 million. To put it another way, as compared with a non-public land state having a similar highway program, California taxpayers will be relieved of a $12 million burden which will be assumed by the Federal treasury instead. Now if we assume an average real estate tax rate of 3.5 mills on 50 percent of true value, this Federal supplement capitalizes back to give the 16 million acres of public domain a revenue value for road purposes alone of $685,000,000. This is as if every Federal acre were on your tax rolls at $40 per acre -- and at no cost of assessment and collection. Considering that vast areas of these lands aren't worth $4 an acre, much less $40, this should make you wonder whether the states can afford to have these so-called "worthless" Federal lands transferred to the tax rolls.

I am readily willing to concede, of course, that some of these vacant lands have a potential use value far in excess of $40 per acre -- for industrial sites and homes in close proximity to growing municipalities. But let's not confuse these highly selective areas with the general run of public domain acreage -- or generalize to the point of putting subdivision values on the entire 16 million acres in the state. My Department should not be and has no desire to be in the subdivision development business -- but that is precisely where the existing small tract law puts us. We need a better vehicle to encourage the orderly and healthy growth of your cities. Until we get it we will "make do" by using the existing law to promote the highest and best use of the lands charged to our custody. In so doing, we will insist upon the closest possible cooperation with local planning bodies to the end that our disposal programs do not create chaos for your schools, public services and land use controls.
What have I said to you tonight? These things, I think:

That in the West, and particularly where the resource programs of the Federal Government directly operate, Federal programs have developed the private sector, and continue to sustain it. Anti-federalism will not pass intellectual muster in the West, notwithstanding the mood is strongest here.

That the federal land resource deserves management. This management must take into account the interdependence of public and private and the various public uses accommodated by the public lands, such as recreation, wildlife habitat, watershed, and the like. This management need not necessarily be Federal, and the federal government affirmatively wants to involve the States and local governments more and more in it.

That we need better laws, and a long first step toward getting them has now been taken. The most important contribution will be to free us from the shackles of the entry law's agrarian predicate.

That where there is a shortage of water, alternative uses must be evaluated.

That federal land ownership and management yields direct benefits to the States and local and county governments which transcend, in many cases, the amount which could be realized if the resource passed into private hands to be added to the tax base.

There are many things out of my experience as Assistant Secretary for Public Land Management that I could add. I confess my bias in favor of the proposition that both the Congress and the Executive Branch have been fair to the people of the West, and close with the hope that I've cast a little light on an obscure subject.