REMARKS OF JOHN A. CARVER, JR., UNDER SECRETARY OF THE
INTERIOR, AT THE CONFERENCE ON INDUSTRY AND GOVERNMENT
PARTICIPATION IN EXPANDED PROGRAMS OF MASS TRANSPORTA-
TION, WATER RESOURCE DEVELOPMENT, AND URBAN DEVELOPMENT,
CORNELL UNIVERSITY, ITHACA, NEW YORK, MAY 24, 1965

This morning I attended the beginning sessions of President Johnson's White House Conference on Natural Beauty. That conference, like this one, is engaged in examination of how the public and private sectors of our society can accommodate to the social goals of a matured society. The White House Conference seeks action recommendations for both government and industry to assure a quality environment for our people.

For the White House Conference, announced by the President in his Natural Beauty Message last February, panels of experts were appointed some weeks ago. Loosely grouped in the framework of concern for cities, countryside, highways, and education,
an outline established in the President's Great Society speech at Ann Arbor a year ago, these panels are attacking problems related to auto junkyards, billboards, overhead utility wires, and other specifics. The panels are not government dominated; if anything, the contrary is true.

But the conference assumes, properly I think, a national willingness to pay a price for improvement in the quality of our environment.

This conference assumes that mass transportation, water resource development, and urban development represent areas of deficit which are worthy of attention of government and industry to their mutual advantage, and for the good of our country. This assumption, too, is proper.

A continuing theme in each is the relative role
of public and private action; or, as it is more frequently stated, government and industry action.

Such a topic cannot be pursued very long without encountering the confusion depicted in the League of Women Voters chart in your conference folders, outlining the Federal departments, agencies and commissions most concerned with planning development, administration, and use of water and related land resources.

That chart deals only with Federal agencies. In the water management field, of course, State, county and local governments, and a variety of district-type structures with taxing power, as well as various regional arrangements, contribute to a governmental complexity probably unmatched in the resources field.
Just within our own Department, the structure is complex, sometimes confusing. For the record, let me outline what we have, since Betty Lai has billed me as a "policy-maker."

The principal water research agencies are the Water Resources Division of the Geological Survey, the Office of Saline Water, the Office of Water Resources Research, and the Bureau of Reclamation's weather research effort.

In water resource development, our Bureau of Reclamation is Congressionally chartered to promote the welfare and economic growth of the arid West. In recent years, municipal and industrial water supply efforts, outdoor recreation, and flood control, have joined irrigation for program attention.

Virtually all of the land managing, as well as the wildlife and recreation agencies of the Department.
are concerned with water resources.

Indeed, the organization of the Federal Government to meet its water management responsibilities is a subject for constant attention, and of vast interest to almost everyone. I do not think that organization is the problem, or that organizational changes will meet the problems. I am more interested in the shifting boundary which separates public and private activity in water resources fields. Understanding of this subject ought to help serve the objective of facilitating expanded activities in both the public and private sectors.

There is little doubt that expansion in both sectors is necessary. Our national goals for water resource development have been succinctly stated by Abel Wolman of Johns Hopkins University. Although the total amount of water available in the United States
is sufficient, its spatial and temporal distribution makes water supply the critical problem, locally, regionally, seasonally, or all three.

Wolman says that man's inability or unwillingness to capture, hold, re-use, purity, and transport water is an equally serious matter, equivalent to the inequitable natural distribution of water. Our goal is to increase the supply, and to increase the beneficial use of what is already available.

To do these things, we need first and foremost more knowledge. Basic research is minimal, and investigations are needed on ground water supplies, on waste treatment processes, on desalination, on evaporation control, and on better techniques for planning basin-wide developments.

Even our most sanguine planners do not set dimensions for our national effort in the water
resources field to match the urgency seen by some.
In the water field, we are presently approaching
limits which will sharply affect our national growth
patterns, and which will put strain upon the creaky
institutional structures which now cope with the
water problems. We are mining ground water and
approach crisis in several areas; our consumption on
a per capita basis multiplies the effect of population
growth; and water using industries are relatively
the fastest growing.

Yet the National Planning Association's Center
for Priority Analysis lists Natural Resources (which
includes water) as the eleventh ranking in cost of
the sixteen national goals which it discusses—urban
development being third, and transportation seventh.

Nathaniel Wollman of the University of New Mexico,
helps to give us perspective by furnishing a useful system of classification of demand: (1) withdrawal uses, in which water is actually removed from sources of supply; (2) flow uses, like hydropower generation, recreation, and waste-carrying; and (3) on-site uses, like maintenance of wetlands as wildlife habitat and land treatment measures for soil conservation.

Much of the water used by both industry and municipalities is returned to the watershed supply system. But withdrawal uses may alter the water, by concentrating salts, by heating, and by addition of organic and inorganic wastes.

Luna Leopold has observed, that except for the problems that arise through our desire to preserve portions of the original environment of the nation, "all our other water problems are problems of shortage due to geographic and time variations, which, important
as they are, can be reduced to problems of economics. Economic problems gradually become solved by the play of forces inherent in the market place. Water will be used in those places and for those purposes which can best afford to bear the cost under prevailing conditions."

Industry's principal stake in the water resources problem, naturally enough, is in the continued availability of water to meet its own needs. Industry develops ways to use ocean water as a coolant when this becomes cheaper than fresh water. Industry recycles its water, installing in the process its own treatment facilities and thereby advances the technology for sound business reasons.

But this is only to say that applied research is a normal and fruitful field for the private sector. We might as well add that basic research is a normal
and proper field for the public sector.

Both statements to a degree beg the question. How do we identify the real nature of the problem? Is the identification and statement of the problem a public or a private responsibility?

It is difficult to assert that this is solely or even mainly a public responsibility for several reasons. The over-all political structure--federal, State, county and city--seldom acknowledges so broad a charter. In practice, in the water management field, public and private action is often so interrelated as to be indistinguishable. And, taking the country's resources in total, public and private, the talent pool is woefully inadequate.

Still, the responsibility is public, and cannot be abdicated.

Industry and government operate under different rules, with disparate hierarchical apparatus, and
with dissimilar statements of specific motivation.

Looking at the matter mainly from industry's viewpoint, there are strong plusses in the consideration of what it might do in achieving the specific national goals selected for emphasis in this conference. Along the plusses are these:

-- Available funds; the drive for diversification approaches a mania, and what to do with accumulated profits occupies a disproportionate amount of management time.

-- Motivation and community leadership; Pittsburgh is the classic example of the willingness of the private sector to take the lead.

-- Prospect of opening up new markets for the products of applied research. The equipment to substitute air for water as an industrial coolant, and other equipment which serves as a vehicle for
technological improvements which put laboratory discoveries into the productive process, will constitute a profitable market.

Government enjoys its plusses, too:

-- Government can commit money to basic research without having to answer too many questions about dollar return. Government basic research has done much for the mineral industry over the past five or six decades, and still does much for that and other industries with which the Department of the Interior is concerned.

-- Government can provide incentives, positive and negative. In the tax areas, for example, are found both the carrots and the sticks for the most effective conservation work in the years ahead.

-- Only government can spread the social costs for much of the job which must be done.
What we have to worry about is not the classic distinction between what is public and what is private, and not the bureaucrats' questions about whether a new Council or Commission should be created to resolve the controversy. Instead, our task is to get a working relationship between the public and private sectors which matches the real world--pragmatic, ad hoc, empiric, undoctrinaire.

We can agree that research, both basic and applied, is the greatest of challenges in the water management field. At the basic research end of the scale, the emphasis will be on public activity; at the applied research end of the scale, on private activity. There will be variations and exceptions, of course, at every point on the scale.

The interplay of economic forces is not alone
a determinant of private effort; quite as much, it affects public action. Similarly, private decisions are made in the context of public decisions. Government in the water resources field has become a student and practitioner of applied economics, and the sophistication of cost-benefit studies is very great. It is also capable of considerable flexibility.

Consider the agenda which faces the decision-makers, public and private, and the kinds of problems which come to the fore simply in the recital:

-- The Potomac.

-- The NAWAPA, the grandiose scheme to meet water shortage needs ranging from the parched Southwest to the level of the Great Lakes. It is significant to note that the private sector conceived the scheme, and is pushing it.
-- The Pacific Southwest Water Plan, and related components. If you do not think there is an intermingling of public and private decision-making in this, stop to think about the decision on Bridge Canyon, about the consumptive water requirements of thermal generating units to burn the rich coal deposits at mine-mouth plants, about transmission systems and interties, about evaporation losses and power economics. The complexity is staggering.

In the United States the boundaries between public and private in resource management are blurred in almost every area. The public manages for use. That simple statement is the essence of the interrelationship, for use is a private function. We emphasize multiple purposes of our dams, multiple uses of our lands. We've learned that we
can't have full or true conservation without public and private cooperation. Sustained yield, a government forester's idea, is sound policy today.

I've said that I do not intend to lay the problem to the institutional structures of government. But within the existing institutional structures, I have long been fascinated by the challenge of improving the techniques whereby public and private sectors of our economy can be brought together in working toward modern, heightened concepts of conservation.

Psychological barriers to such cooperation have disappeared in recent decades. No big company asserts the private right to denude the countryside of its private forests—the stewardship concept is well developed in most of the larger land-owning private companies in the United States.

Private companies include elaborate plans for
fish and wildlife and recreational benefits in their plans for new hydroelectric projects for which they seek a public license; and they do almost as well, by and large, where no license is required.

The obstacles are still present, however. There are conservationists who look upon the business community with much distrust; there are industry leaders who regard conservationists as universally a collection of impractical do-gooders.

If we expect a heightened sense of morality in the making of private decisions, we must have a lively sense of public morality in the making of public decisions. Included in that morality is a decent regard for the profit motive.

Specifically, if we react too hastily in the air or water pollution field, we may get results quite as drastic and unintended as those resulting from
Insensitive private decisions!

An order originating in the public sector affecting only the conduct of the activities of the public sector can have dire effects on the private sector—it is a part of public morality to be aware of such results.

President Johnson stated the goal last year this way:

"One reason our enterprise system is functioning successfully is that we have been doing in Washington many of the things so long needed to lift off burdens of the past. Government seeks to be not a dictator but a moderator, not a master planner but a faithful public servant, not an agent for control but an agent for freedom."

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18