

Water-Project Foes Divine a Way to Win

By BOB GOTTLIEB and PETER WILEY

When Ronald Reagan took office, a number of leaders of environmental organizations, particularly those headquartered in Washington, D.C., were gloomy.

Yet instead of declining, environmental sentiment has continued to grow. Nowhere is this more evident than in the area of water development, where environmentalists had once been weakest.

Part of the reason is the economically outmoded policies of the water industry itself. This constellation of agribusiness, construction companies, bankers, land developers, and federal and state bureaucrats has continued to push for large, costly water transfer schemes. Some credit, however, must go to a new and more creative environmental movement and leadership located outside the nation's capital. In a series of battles over legislation and water-industry initiatives in California and Washington, D.C., one can see the beginnings of change in the water policy in the West and the country as a whole.

For a time after Mr. Reagan's election, it appeared that the water industry had improved its position. Mr. Reagan and his men at the Interior Department were confident in their pro-water-development rhetoric, proclaiming that the nefarious environmental lobby within the previous administration's Interior Department had been cleaned out. Indeed, the handful of Washington-oriented "envirocrats" who had masterminded Jimmy Carter's "hit list" of Western water projects had retired.

In fact, Mr. Carter's poorly conceived and politically mismanaged announcement of the water project hit list in 1977 had provided an important rallying point for the water-industry lobbying machine,

which went into high gear, rounding up votes in Congress and getting governors and state legislatures and the region's major newspapers to issue dire warnings about Mr. Carter's "War on the West." By the early 1980s, the water-industry lobby continued to be perceived as a well-funded machine while other industries, such as electrical utilities and petrochemicals, were running for cover.

Today, however, the water industry is in serious trouble, its political clout questionable. It has had setbacks that are indicative of the sophistication and outreach of a revitalized environmental movement.

The first major water-industry defeat came in June 1982, when California voters overwhelmingly defeated a referendum that called for a massive water scheme known as the Peripheral Canal that would have transferred water from northern to southern California. Environmentalists ran an effective campaign that included a "strange bedfellows" alliance with one wing of California agribusiness, pinpointed subsidy and cost issues, and tapped deep-seated regional antagonisms in northern California, where more than 90% of the voters opposed the plan.

In a fight over renewal of Hoover Dam contracts last spring, the water industry came to Congress, having fashioned a united front with California, Arizona and Nevada about how to divide up the dam's cheap, subsidized hydroelectric power. The Reagan administration, despite its budget worries and talk of cutting subsidies, went along with the deal. Toward the end of the debate in Congress, a group of California environmentalists flew into Washington to make a case for a sale of the power at

market rates. By helping fashion a coalition of anti-subsidy congressional liberals and conservatives, they gave the water industry a run for its money. The industry ultimately prevailed on a close vote thanks to a last-minute lobbying blitz.

A compromise Colorado River salinity bill that passed Congress this fall also came about in part because of the awareness of Western representatives such as Mo Udall of the growing congressional opposition to water-project subsidies, stimulated by the environmentalists' increasing political sophistication. Environmentalists were successful in pushing for a 30% cost-sharing provision, a figure that might possibly emerge as a standard for future water legislation. Such a standard is critical, since the greater the percentage of costs assumed by local users, the more limited the subsidies for each project.

Despite early talk by the Reagan administration, a mandatory cost-sharing approach had faded from view. Interior Secretary William Clark announced earlier this year that local water-project beneficiaries should determine the appropriate figure. That has left environmentalists as the main advocates of a high figure, with their success regarding the Colorado River salinity bill an indication of their increased strength in the halls of Congress.

Water-industry forces were even less fortunate when environmentalists last month blew the whistle on a deal that would have represented a windfall for Chevron Corp., one of several oil companies in the land and farming business in the West. Orchestrated by Rep. Tony Coelho of California and the state's senators, Alan Cranston and Pete Wilson, a bill that provided for the expansion of the San

Luis unit of the Central Valley Project to include the Pleasant Valley Water District had begun to move quickly through both houses. The district would have received 100,000 acre-feet of water, plus an interest-free loan of \$37 million. There are only five or six farming operations in the entire district, and the biggest, Chevron's, owns half the land.

When the environmentalists got wind of the deal, they launched a quick campaign that included an alliance with some Republicans who saw an opportunity to get back at Rep. Coelho, the Democratic Party's congressional campaign chairman. Soon, even the water industry's best friends were running for cover, with the final vote 402 to 19 against the project.

The water industry's final defeat this year came in the waning hours of this last session of Congress. A number of House and Senate members had added \$6 billion of their favorite projects to the final appropriations bill. The projects were dropped after the Reagan administration, pressured by environmentalists, realized how injurious this classic pork-barrel approach would look in an election year.

The environmentalists' clout is likely to increase during the next four years. They have seized the initiative on the issues of cost and subsidies, and their advocacy of such concepts as marginal cost pricing and price elasticity will continue to build support. After the Carter years, the environmentalists have rediscovered the potential for grass-roots support and have learned to work with conservatives who are truly concerned about runaway costs.

All of this will make for interesting alliances in the future and for a new kind of resource politics where efficient management rather than more development becomes the key.

Messrs. Gottlieb and Wiley are authors of "Empires in the Sun" and, most recently, "America's Saints: The Rise of Mormon Power" (Putnam).

Japanese Put Foreign Products in a Pickle

By KITTREDGE CHERRY

Japan's import barriers are so real I can taste them.

The plain, flavorless

to sell local oranges to the elderly housewife whose wrinkled face says she lived through the postwar occupation by Americans.

"You're kidding! 7-Eleven is an American chain store?" an incredulous teen-ager squealed as we discussed favorite shopping