

**CAP Oral History**

C: I was just describing your background a little bit. Were you born and raised in Arizona?

Pam Stevenson (Q): Anything else about that period that you want to talk about?

Babbitt (A): No, I think that's it. It ended very quickly.

Q. Since we're still talking about the Attorney General, what do you feel were you're greatest accomplishments in that job?

A. Well, I think that getting restructuring of the Criminal Justice System to get the capacity to deal with organized and white collar crime, straightening up the regulatory system. The land fraud of the financial institutions, we put Lincoln Thrift under and prosecuted them and I think got a lot of better understanding and oversight in not so much the banking, but sort of lower level thrift and loan associations that were becoming very much of a problem.

Worked hard on all of the consumer issues but I would say that what we really were best at was saying that the Attorney General, prior to that time without much of a law enforcement portfolio, we really put that all together both the regulatory and the prosecution side as an important central state function.

Q. Were you happy doing that job?

A. Yeah, loved it. I was actually running for re-election. Loved it. It was a perfect combination of lawyering and public life and put together a re-election campaign was on my way toward eight years.

Q. Things changed rather suddenly there in 1978; you want to talk about how you suddenly became governor?

A. Yeah, this is going back of course, to the way in which one's life is surely inevitably dictated by chance and in this case, a pretty spectacular example of that. Raul Castro had been appointed Ambassador to Argentina. Castro is a really fine public servant. He had rendered some really, really wonderful service to his country as Ambassador. He had been Ambassador I guess in the Johnson Administration. And I think he found being Governor contentious and he really was ready to move on, so Carter appoints him Ambassador to Argentina and Wes Bolin now becomes Governor. Wes had been Secretary of State since statehood almost. There's no question that he found it very stressful and one can speculate as to whether his demise was a direct result of all the pressure on him. But in any event, he most unexpectedly demised of a coronary in the middle night with really no advanced warning after, I don't know, four or five months in the job. A little more than that actually he had been...I don't know, not very long – less than a year. And you know, I learned of that with a phone call from Bill Riley at 6 o'clock in the morning. In effect, I don't remember the precise words but, "You're the Governor, what's next?"

Q. What were your thoughts at that moment?

A. Well, I needed more sleep. We'd been out pretty late the night before at a political event in Mesa. I remember it was raining hard on the way home and I stayed up after we got home for one reason or another, I don't know working on something. It was a Saturday morning and I wasn't really ready to face the day. But it all...I've had this experience a number of different times when something kind of comes on that is potentially so overwhelming that you could almost be kind of paralyzed by it, you know. Of course, what you do is break things down into small steps and just take one step at a time. And it wasn't all that complicated once it got going. You had to sort of say...but somebody you will now have Security, there will be somebody at your door and you better get ready to go on for a press conference. And pretty soon, I never went back to the Attorney General's office. I never saw my office again because I just went to the State Capitol at 10 o'clock, press conference. I walked up to the 9<sup>th</sup> floor and you know, just one thing at a time.

What I found most remarkable out of all of the first months, by now I am into elected politics. As Attorney General, I decided, yeah I'm going to stay in public life. I'm going to run again, but someday you know the question will be, "what next?" And I never thought I would run for Governor. I thought, well, you know I will run for Congress or the Senate because I think Governors cut ribbons and you know there was all this kind of stuff about Arizona. The Governor, the Legislature ran the state and the Governor basically attended the ceremonies. That's sort of, kind a - you know without a lot of thought kind of internalized that vision of it and it didn't seem like the appropriate turn.

I'm up there and I'm finding I really like this stuff and I'm pretty good at it. It didn't occur to me that I kind of had executive talents, but it really wasn't that overwhelming once I got past that first week. First week or two, pretty interesting because I had a really intense time with the Legislature because they had not - part of this idea that it was you know weak governorship was because that was how we had to work, Legislature had really been the dominate force. There hadn't been a tradition of assertive governors. And almost you know, without thinking about this, bills are streaming up - this was in the middle of the session. And I'm busy vetoing bills and governors didn't veto bills very much. And the Legislative Leadership viewed it as a front of a first order. And actually, we went into recess after I vetoed one bill because it was a tax reform measure that affected the mines. They were so unhinged by the fact that I was looking at bills and veto. It did create some genuine tension and some conflict, but we got past it pretty quickly. And I found that I liked the job and it was really, really a lot of fun and not that overwhelming. Hard work, but didn't mind that, and there we were.

Q. When you took over when Bolin died, it was kind of in the middle of a crisis with the flooding. I recall seeing Bolin on the news the night before up in a helicopter surveying flood damage because I got a call at five in the morning saying come in and do an obituary when I was at Channel 10. So you really took office in the midst of somewhat of a crisis?

A. It really was a remarkable time you know. Arizona is about feast or famine when it comes to water and this was clearly way too much. And there was this incredible sequence of floods, I heard a lot about Emergency Management and again felt quite comfortable doing it. There was an, you know, I learned some interesting things one is the enormous utility of the National Guard. I was quite surprised by that and I took to that role very quickly, used the National Guard for all kinds of things. They have great time, they were responsive, and that was part one. I do remember the night that I got the call from Salt River Project and they said Stewart Mountain Dam, if it keeps raining, may overtop. And that was an interesting moment because as I recall, I had to go out to another press conference and saying, "If Stewart Mountain goes, we're going to have to evacuate Phoenix from Thomas Road down, a third of the way down to Baseline because this will be a genuine disaster." And there was a little crisis when Cave Creek Dam almost overtopped. It was sort of lapping over the top on the west side. It was just a continuous series of those kinds of crises. But, we marched through it, and I spent my time you know, what I learned very quickly was when there is some kind of an emergency or problem, there's one place for a Governor or Executive to be and that is outstanding in the water. Showing people that the system works and that you are capable of making decisions and imparting a sense of you know this is all manageable. There was a long series of it. Absolutely correct in retrospect, that was in southern Arizona there was a big flood on the Santa Cruz that displaced a bunch of people. But, we made it through, made a lot of changes, it provoked a – a re-look at the entire Salt River Project system and a reconfiguration. There were no bridges through Phoenix, all we had was the "Hattie B" running on the Southern Pacific tracks for a couple of weeks.

Q. Let's talk about that, that was pretty innovative and why it was necessary.

A. The bridges were all out, Phoenix was cut in two. And the only thing left standing was the Union Pacific tracks, the Southern Pacific tracks across the railroad bridge through Tempe. I called the President of Southern Pacific in San Francisco and said, "We've got to have a commuter train." They were reluctant. The guy said, "I heard

about you and I know what's going to happen, we're going to allow you to put up a commuter train and you're going to demand that it be kept there forever so the answer is no." And I said, "This is a friendly request but it could turn into an unfriendly demand." And he sort of said, "Well, we don't like to do these things and I haven't heard you promise that you're not trying to put up a mass transit system." I said, "The issue right now is getting across this river in a community which has been cut in two." They finally warmed up and I guess Hattie rode the first train out to Tempe so it became the "Hattie B." Of course, I would of loved to have kept that because it absolutely demonstrated what is now 20 years, 25 years later whatever it is becoming a reality which, of course, we need rail transit. And, of course, the beginning of rail transit is a line between downtown Phoenix and Tempe, Mesa. It was kind of a taste of the future in a rather unusual, factual context.

Q. That's pretty amazing, how quick you got that I lived in Tempe so I rode it. Got that train running, found places for it to stop, and got the train station which a lot of people didn't know it existed actually in downtown Phoenix?

A. Yeah, I think it really kind of awakened, I think it's a truism that disasters of all kinds whether it's a flood, a drought, a civil insurrection, wars, whatever always by sort of shaking up people's perceptions of the status quo always lead to unintended and unforeseen kinds of consequences. And this was just sort of a kind of little capsule version of that kind of thinking.

Q. When you said that the government could make something happen quickly that's amazing to people. Let's talk a little bit about the impact on your family of you becoming Governor that was a big change in Arizona to have that kind of a family.

A. It was a huge change. Interestingly enough not for our kids but for Hattie and the reason was back when I became Governor, Christopher was born in '75, I became Governor in '78, he was three years old so there's nothing there. And TJ was born in November of '78 so say he was just at the very beginning of life. So it didn't have much impact on them. I think my tenor as Secretary in the public eye was really

more complex for them because they're teenagers by then. But, it was a major issue for Hattie because she, by then, had graduated from Arizona State. Liked the law and had clerked for Justice Hayes on the State Supreme Court and come here to Robbins & Green where she was practicing law. And then all of the sudden...let me make sure I got the sequence right...she is surely practicing law by then that's right, she's here by the time I become Governor. Her life is really kind of vastly complicated. Because there is the Arizona traditions, kind of like what I was talking about with my mom, in her generation, there were roles that were kind of sanctified by time and tradition. And one was that you lived in a way in which the first lady was always around entertaining and doing things as a wife. And she is, by now, I think 26, 27, 28, something like that – got one kid and another one on the way and was practicing law. Saying, "hey wait a minute, what's this?" And she handled it very well. I remember...she simply said look I'm going to say to the people of Arizona, I'm raising some kids and working. I can't be holding tea parties every afternoon.

We had a Governor's mansion very briefly and that wasn't going to work so it was given to ASU as the "default" position there. So we stayed in our house where we were leading the family life, we've got young kids.

I heard a wonderful story that kind of made it easier. Mayor Daley, the great legendary figure in Chicago politics was a family man he raised seven kids, and he never went to social functions, never. And the word came down as part of politic lore that Richard J. Daley always had advice for other elected officials. You got to make a choice; you either go out all the time or almost never. Because if you go out half the time, the half you turn down are going to be mighty unhappy. But if nobody is seeing you out and around, it's okay. It's understandable that you're committed to doing something else. And that little story kind of really helped both of us understand that we could spend time at home particularly in the evening. And if it was consistently understood that we had young kids and that we had a family life, everybody understood. In fact, they did and it worked out pretty well but it was still a significant adjustment for her.

Q. It was a different time for the state too. I heard some stories of the DPS security people weren't used to having to supervise children. Let's talk about some of the other issues while you were then Governor for nine years?

A. Yeah.

Q. You ran for office apparently, obviously.

A. Ran and was elected twice.

Q. One are the big issues throughout all of that time was water which we started off with water leading to flood and but I know you were very involved in water in various ways.... and I'm also doing assorted interviews for the Central Arizona Project and today they would like to hear what you have to say about water also so you might keep that in mind, I might share this with them if that's alright with you.

Initially, the flooding was the big issue but what were some of the water issues that you were involved with.

A. I think there were two strands to water issue. The first one, of course, was the Central Arizona Project and the flooding because in the wake of the flooding there had to be a reassessment of the Central Arizona Project. Because the question was sort of highlighted by the flooding, are we going to build more dams to store more water to prevent the downstream flooding and to interface with the Central Arizona Project as storage as the main canal moved toward Phoenix. It was a very difficult time because the thinking of the water establishment was Orme Dam. Now largely forgotten, but Orme Dam was the holy grail of the water establishment. We've got to have it, yes it's going to flood out the Fort McDowell Reservation, but that's the price of progress and we've got to have more storage on the Verde River to be part of flood control downstream and the Central Arizona Project is part of that project and nothing's going to change. And it was very uncomfortable, because I had concluded by then that Orme Dam was not necessary. Carter had cancelled a

bunch of water projects and called it into question. The environmental community was against it, the Fort McDowell Indian Tribe was, you know, apoplectic about it. And it clearly was not absolutely necessary. There were other ways to configuring a project. But, an awful lot of the water establishment said it's Orme Dam or you are a traitor to the cause of Arizona. Now, when they started waving the bloody shirt of the Central Arizona Project, you better duck for cover unless you're prepared sort of to really get on top of it. The Bureau of Reclamation were really very helpful and of course, the Carter Administration it was his final years – there was a little bit of space and Cecil Andrus was his secretary. We finally, I wasn't going to go out and kill Orme Dam by standing up on Central Avenue. But, we put together a committee, it's now known as Plan 6 Committee, I got the sort of progressive water buffalos, the Bureau of Reclamation, and we put together a group to start examining alternatives. To make a long story short, we...everything worked out very nice. We got rid of Orme Dam; we simply stepped up the capacity for storage in Lake Pleasant and got all these issues kind of sorted out. It was really quite satisfactory.

The other, I think, in the long run, even more important issue was, of course, all the groundwater issues. That really came, that was another crisis. It's hard to make big changes without someone provoking you, to deliberately provoke a crisis or take advantage of one in the making; it's just the way it works. The groundwater crisis really came to a flash point, just about in the same time period. And it was a heaven's sent opportunity. Took us, it's all lore now, but it's correct, I called the leaders of the water establishment together on the day after Thanksgiving in 1979. And personally sat them down and met with them once or twice a week for nine months and just kind of shut the door and said we're going to reform our way out of this problem and we're going to draft a meaningful water management system for the State of Arizona. Again, Cecil Andrus was my predecessor as Interior Secretary and we had a little kind of side discussion going in which he was threatening to kill the CAP if we didn't reform. And I would periodically call him up and say, "Cec, give me some leverage, threaten to kill it and I will go out in public and condemn you as interfering in our business and telling you to stay out of our affairs," at the same time I would go back into the group and say, "Okay, you hear him, he just

might do that." Out of that in early summer of 1980, we marched out of this room with this complete, we created the Department of Water Resources, blended all the stuff into it, wrote a groundwater code, set up the active management areas, set all these goals, quantified water rights, it was really 25 years later and it hasn't been duplicated anywhere else in the country.

And it was testimonial for a lot things, we've been painted into a corner by a combination of State court decisions and problems over this over drafting, and a quarrel between the mines and the cities which the courts had basically made a bunch of conflicting decisions scrambling it all up. But this provision in the CAP authorization saying you ought to do something finally, we have a Secretary of the Interior who says hey you got to do something to control over drafting. Just a crisis made just fraught with possibility and it was a great moment.

Q. You're talking about the groundwater laws that you formed, why was groundwater such a problem in Arizona?

A. The groundwater problem is simply over drafting. We are blessed in southern Arizona with these vast of groundwater basins, these alluvial basins sitting on one in Phoenix, Tucson, sitting on one. When agricultural came up particularly with the invention of really good water pumps which sort of came in probably the 1940's right before and after World War II. It became really economical to extract these vast amounts of water. And the cotton industry just came up like crazy, covered Pinal County, Maricopa, it extended way beyond the boundaries of the Salt River Project which was surface water. The pumping down of these basins was going to bring an end to the whole thing. You can see in southern Pinal County a lot of areas that went out of production the great cotton boom around Eloy and all that area. There's just tumbleweeds today because they pumped down the groundwater to the point that it was no longer economically a use for it. They were simply going to destroy the resource. And there had been a few attempts to kind of deal with it, but they weren't really terribly effective. And the trouble really started in Tucson and it started in the Avra Valley because the farmers out there saw the City of

Tucson reaching out into the Avra Valley, exporting the water to Tucson. And there were some problems with, of the mines immediately south of Tucson. Tucson seemed to be kind of made for conflict, no surface water supply like the Salt River Project. Everybody's got their straw in the groundwater. And the history, you can see it - Santa Cruz once was a real river. It ran through Tucson and of course the pumping; Silver Lake Road in Tucson is named Silver Lake Road for a reason. There was a lake out there. Well, the pumping destroyed all of that very quickly and then began to empty the groundwater basins. You got the three big users right there side to side; the mines, agricultural, and the city. That was kind of a foreshadow into the problem and the legal problems got started over pumping water and taking it from once place to another. The courts got in an enormous tangle over all of that. And then the Central Arizona Project came along and in the authorizing legislation in 1968, or thereabout, there was a provision put into legislation. I don't know where it came from or who did it but it said as a condition of the authorization and construction of this project, Arizona will take meaningful steps to control the over drafting of groundwater. Nothing, it was entirely ignored as the project was being built. They just, nobody paid any attention.

But then in the late 70's, the two things kind of came together. The courts began issuing these injunctions against the City of Tucson for transporting water out of the Avra Valley and all the sudden, the municipal people are waking up to the fact, not only are the groundwater basins being depleted, but there's going to be trouble with exporting from somebody else's basin. Tucson has no surface water supply and so it all just kind of moves from abstract discussion to a major crisis.

Q. Is that where Jimmy Carter came in?

A. Carter's hit list, Carter really did two things. First one was the famous hit list which basically said that we're not going to be building uneconomical dams in the American West. No more pork barrel reclamation politics, that was just unheard of. It was just a lightning bolt out of the sky. And Orme Dam was on the hit list as it came out originally. It was not followed up, but there it was kind of sitting there in

this kind of indeterminate status. And then the Reagan Administration came in 1980 and they took a really innovative approach for what reason, you know probably lost in history. But basically, David Stockman said you want Reclamation projects, you got to share in the costs that really dropped people to their senses more than the hit list did. Because all the sudden, federal government is saying to the states you want these, show us some money. And that sort of brought a sense of realism to it as well. I think kind of strengthened the feeling that we had to kind of be more rational about how we can figure these projects to retain support for them.

Q. As Governor, you were kind of in the middle there between the Central Arizona Project, like you said, was the sacred Arizona project. I know when interviewing people they've all talked about how there was no partisan politics when it came to the Central Arizona Project in Washington getting it approved.

A. Yeah, that's really true. It was...it sort of transcended all of the usual stuff. And Arizona had a pretty good history of paying attention to water issues. I would say that Carl Hayden really was the giant in Arizona history because we had a bad time in the early 20<sup>th</sup> century with Arizona's going it alone. And old Governor Hunt was out there waving the bloody shirt of state's rights and Lou Douglas and a lot of the other Arizona politicians had this theory that Arizona could just ignore the compact situation, stay outside it, and build its own project. Carl Hayden, he was a really canny, visionary guy. He was very low key, he wasn't much of a presence on the front page of the Arizona press, but he was there for 56 years. And he steered Arizona through the controversy over the Bridge Canyon, Boulder Canyon Project, and Boulder Canyon Project Act that paved the way for the construction of Hoover Dam and really kind of maneuvered Arizona into making peace with federal government as the prelude to all of this. It's really quite remarkable. But, out of all that experience I think came this kind of culture which says Arizona delegation will be united. He created a culture over those 50 years. But, there was a big crisis moment with the authorization of the project over the so-called 4.4 priority for California. That was another tough moment because the state's rights crowd went back here waving the bloody shirt saying Arizona will never compromise its

entitlement. It was kind of a replay of what happened in the lead up to the Boulder Canyon Project Act. And this time, it was the entire delegation, but I really think that the Udall's were, particularly Mo, were – it's a very complex kind of thing and I'm no expert on the history of the congressional personalities at that time, but I think Mo was really a kind of guy who, as he's moving into increasing influence, is kind of saying to the water buffalos, you know we have to be realistic. Arizona may or may not ever have a chance to pay up, an opportunity to build this project. We have to get this authorized. Well interestingly enough, Carl Hayden left in 1968; he may have still been in his last inning when the project was authorized. He was, so I supposed he had something to do with it as well.

Q. Stewart Udall was Secretary of Interior.

A. And Stu was Secretary then, sure.

Q. He said that was the year, he knew that was the end.

A. That is exactly correct so they came together. The delegation all went along with it because there was that tradition and it was the right decision. For those who look back and say it might have been different but it was the right decision.

Q. There was a lot of compromises.

A. Yeah, absolutely, absolutely.

Q. The controversy over the dams in the Grand Canyon, but I don't know if we can talk about that here.

A. Well, that's really Stu Udall's story, it's not mine and again good decisions.

Q. You were more involved at this point where they were actually under construction by the time you got involved the project was...

A. It was under construction. My task in CAP was to go back and beg for appropriations in the annual ritual to solve the Orme Dam reconfiguration issue and to deal with the internal management through the groundwater code and the creation of Department of Water Resources.

Q. Tell me about the creation of the Department of Water Resources that had gone from being a water commission I believe, how did that come about?

A. Well it was, we were actually...in the flow of history, I would say that we'd done a pretty good job in Washington dealing with Colorado River issues. With all the starts and stops and all the controversy, the Washington leadership was really very good and they kept it all together. But nothing happened internally in the state. We were really in the dark ages. One reason was the Salt River Project was basically the water agency and they basically said we don't want any state involvement in water. Everything's fine, we're the water guys and it's far too important for a mere Governor to be involved with, not literally but that was the culture. There they were, Salt River Project. What the controversy over the groundwater sort of demonstrated was we really are in the dark ages of managing our affairs internally; we've gotten federal piece together but hadn't brought up a state management system. We had an Arizona Water Commission that is how Wes Steiner came. But, their job was Colorado River, they had no other jurisdiction. What water administration there was, was in the State Land Department, which was a very sleepy organization, but it was always inevitable. There was no fight over the Department of Water Resources. We created that late one night after six months of groundwater negotiations. It was clear to everybody that if we're going to have all this management system, we had to have an agency. And it's just one of those things that just happened, you know, we just wrote it in so there would be a Department of Water Resources and it had to happen.

What has now happened, I think is quite appropriate, we've gone in one generation from the Salt River Project as the 800 pound gorilla, to an arena in which there are three really big-time players; one is the Central Arizona Project – Arizona

Central Water Conservancy District (sic) which of course grew from zero as the project came to town, the State Department of Water Resources which is bulked up, and then Salt River Project. And I think given the importance of water a kind of institutionally diversity is quite a good thing. It means that there's going to be a lot of pushing and shoving and contention and debate. And it's working quite well. Our internal water administration in the last 25 years has really, really gotten very sophisticated in the Groundwater Code, the State Water Bank, all the water storage features, the Groundwater Replenishment Act, there's still some gaps, particularly in the interface between groundwater and surface water and the rural areas. But, by and large, there's really been a flowering of state-centered administration and it's very positive and we're a long ways ahead of most states. I mean we're in the midst of a drought now and we need to do more, but the basic system is in place and it's really working very well.

Q. Considering that people think of Arizona as a desert, there is a lot of water going on.

A. There is and we're being a little casual in the way we use it. We need to impart a little bit more of a conservation effort. We need to work on...the supply side has been handled beautifully. The demand side needs more work and we need to move toward a little bit more flexibility in the marketing of water and the allocation through moving water toward – where the demand is. I think we're going to need...we need a lot more progress on that side. We got the State Land Department behind us on all of this. But, we did manage to sort of wake that place up by I think the Urban Lands Act. It's been built, it's a very important idea so rather than just sell a parcel of desert to the first guy who walks in and writes a check, we're going to plan it. And we'll put the entitlements on the land and increase the value by getting the planning and zoning done and then auction it off with real value.

We had a really productive period of land exchanges with the federal government. We really did a massive consolidation of federal lands and blocking up of state lands which sort of redrew the land tenure map, the public lands of Arizona. And

put a lot of energy in the State Parks system, the parks up in Slide Rock and Oak Creek Canyon and a lot of other places. So I think we, it's not like the State Land Department disappeared. It's like we sort of modernized them and said when giving the water to somebody else, now we'll turn our attention and see if we can get you going. That has continued forward through it, the State Land Department is now a pretty vibrant place a lot more to be done, but it's coming along.

Q. I know several people talked to me about the Water Commission becoming The Department of Water Resources like it was just a name change, but it was a lot more than just changing the name.

A. There was nothing comparable between the two at all except Wes Steiner, that's all.

Q. It's sort of unusual that the head of it would survive, usually when there is a big change that changes too.

A. No, Wes Steiner is really a remarkable personality. He was a really important bridge and player in all of this. I would, you can't underestimate the significance of his role. We had a fabulous personal relationship and it made, it made a lot of sense because if I had a State Water Commissioner who was not on my side, I could've really been marginalized in the CAP discussions. He was a classic State Water Engineer. There's a tradition in the west where the State Water Engineer was "the" person. A governor was just a mere agent of the State

Water Commissioner, that's pretty much past now. That was true in Arizona, New Mexico, and to some degree any other western states. And Wes was really the epitome of that in the best sense in the word.

Q. There was a cartoon that called him the "Water Czar."

A. Absolutely, absolutely.

Q. He's also a Californian and when he came over here in '69 I believe he was hired. There was a lot of suspicion that how can Arizona hire a Californian, he must be a spy. He's going to steal our water. Had that gone away by time you were working with him?

A. Oh sure, sure. It's that kind of insularity that typified a lot of state government for a long time just the sense that nothing was going to change and any fresh wind or new face was part of a conspiracy of some kind. But I think that's all gone now. We've really kind of gone through kind of a transition in which we are increasingly, I think open and accepting. Talent is where you find it and it's constantly about change and reinvention and progress which means, you know, not getting frozen into place and appreciating the past and appreciating history not as a force to freeze everything into place, but from which to extract lessons about the kind of change that happened in the past and apply it to the future.

Q. But there has been a traditional conflict between California and Arizona when it comes to water, where you involved in any those?

A. Well, I was involved in a lot of it as Secretary, a lot of it. The Arizona/California conflict for reasons that I can explain as we go forward, I think it's been vastly overdone. And you got to understand that it is rooted in this kind of history of what happened in 1923 at Santa Fe. And Arizona came home from those compact negotiations with the state's rights crowd in charge waving the bloody shirt lead by old George W. P. Hunt saying, "We're going to go it alone, we didn't get what we wanted" and were going to fight the federal government, we're going to put our Navy down there at Parker on the Colorado River, we're going to oppose the buildings of dams. Headed towards disaster, Carl Hayden in 1928 quietly went against the wishes of the Arizona political establishment and sort of pulled a rabbit out of a hat in terms of the structure of the Boulder Canyon Project Act which basically said, folks the compact is in place, Arizona is free to go it alone, there is a little space here but the river is effectively allocated and someday, Arizona will come home. But in the meantime, as structure – I think Carl Hayden had a lot to do

with this – basically deferring the state; you don't want to be in this legislation? Fine you just go ahead and continue to holler at the mountain tops that Arizona is a sovereign state and we're not going to participate. Okay, sets structure in place rescued us from ourselves and we gradually came around. But out of that and then the 4.4 limitations was of source seen as a great conspiracy by California. It wasn't, they used their leverage. My time as Governor, I came to really understand California and I think it was contributed a lot to my success as Secretary. Because when the deal was cut over the 4.4, the Metropolitan Water District said we will support the Central Arizona Project and during the nine years I was there, every single year I spoke to the Metropolitan Water District and they produced and continued to support it. There was not conflict. I acknowledge from time to time, I would lapse into the Arizona tradition of saying California is the enemy and close behind is the federal government. It was all over with the 4.4 priority decision that was the last conflict point of any significance. Until my time as Secretary when we had to get back to California living within its limits, that is a story for the future.

Q. You were governor though when the first water was finally delivered to the people of central Arizona through the canals. Do you remember the ceremonies?

A. Yeah, I remember it. Actually, I thought it was a little bit of a sort of an ersatz kind of a made-up ceremony frankly. It didn't, you know, it had sort of - this thing had been on its way for years. Everybody knew it was coming. It just sort of, I remember Don Hodel was there, the Secretary of the Interior, he seemed terribly distracted. He, I don't know, he didn't seem to have much to say about it. And all the politicians of every stripe were there, you know, so you listened to them personally asserting paternity for this project. It wasn't one of those great transforming moments, it was a bureaucratic celebration. It was not a communal celebration. Those things had all been kind of put together, I don't know whether there was actually any water in the canal that day or not. I have no idea.

Q. Interesting that you talked about the politicians because on, of the Bureau of Reclamation engineers I talked to who was actually involved in designing and building the canals and the project, he had the same impression that they – you know, here with my guys, you know, that actually built the canals and these came in and acted like they had done it like they've been out there with shovels.

A. Yeah, I know exactly, exactly, I understand.

Q. One of the things we didn't talk about, and I don't know if it's appropriate here or later, about the salinity issue in relation to Mexico because of the Colorado River. As governor did you deal with some of those negotiations?

A. Those were largely federal issues and they were I think not that complex and entirely predictable. A minute forty-four was the big moment, maybe not the number maybe the year, whatever is the number of the minute, it was a World War II deal. An interesting thing is the United States on the threshold of World War II and in it, is looking for labor and help from Mexico. And both the Rio Grande and the Colorado River surfaced the subjects and the state department said we are going to make peace with Mexico. And the details are insignificant, we are going to settle these river issues because we're in a World War and Mexico is an important part of our economic and labor picture. Let's see, that settled and there's nothing really that remarkable about it. A million and a half of acre-feet to Mexico was perfectly reasonably. I mean, maybe it was a little less than they were entitled to that is a matter of judgment, but surely they were entitled to a million and a half acre-feet.

The second issue that came up was, of course, the salinity issue. And that's frankly a plain vanilla issue too, and it was handled entirely at the federal level and entirely appropriately. When the lettuce is dying in Tijuana because the water is too salty, they had a moral obligation to live up to the, at least, to the implicit promise of the deal and they did and perfectly appropriate.

- Q. The desalination plant that they built in Yuma has never been used.
- A. Well that's another matter and that takes me forward into the Secretarial years and remains an issue that needs resolution and it's going to – you can almost see it coming. The old warhorses are going to be coming out of the barn again saying that what Mexico wants is irrelevant. We want that desalter and we're going to deliver nothing, but the bare minimum called for in minute forty-four. And there will be increasingly a whole load of constituency for saying we need to rethink this. The delta was dried up completely. This Cienega de Santa Clara is now a living reality which is based on a saline return flow which comes out of Wellton-Mohawk, bypassing the river, and the idea that you just shut that down is one of these kinds of looking to the past kinds of things that probably is not a good starting point for working it out. So that's the reason that it now becomes something of an issue.
- Q. How do you see the future of water in Arizona? These projects all started out by farmers wanting water for their crops, but more and more the water is going to the cities, what do you think?
- A. It's a transition issue. Arizona's entire water budget, these are approximate figures, about we're using in the CAP service area (which I'll come back to I think it's important to distinguish), in the CAP service area we're using around four million acre-feet a year. I think more than half of that is still agriculture. It's inevitable if we're going to have a balance water supply, that there will be a continuing transition from agriculture into urban uses. And then the question is how we manage it consistent with meeting reasonable expectations of the agriculture sector, pricing water appropriately, setting up mechanisms to make the transfers in a fair and equitable way. There is enough water. There will be re-allocations from the agriculture to the urban sector. It's been going on for a half-century, it'll continue. The real water problem for Arizona is going to outside the CAP service area in rural Arizona. And the reason for that is that the surface water resources have already been appropriated by the downstream users. And the greatest land use of planning decision in the history of Arizona was made by the federal

government; they built the Salt River Project because that was about appropriating the surface water of central and northern Arizona. So these communities are now without surface water and increasingly going to pumping groundwater. That's what happened here a hundred years ago and of course, it dried up all the rivers. We now live in an environment in this century in which it's not going to be appropriate to dry up the Salt, the Verde, the San Pedro, and all the contributories; springs in the Grand Canyon and so rural Arizona does not have the historic pathway of southern Arizona and there is a genuine quantifiable lack of water in rural Arizona. And it's going to be a major and difficult problem, but it's not about Phoenix and Tucson, and it's not about Pinal County.

Q. Can we move on from water and talk about some other things?

A. Sure, sure.

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