

**Testimony of Mr. Leon Panetta
Chairman, Pew Oceans Commission
Before the U.S. Commission on Ocean Policy
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I appreciate the invitation to appear before the Commission and share my thoughts with you about the work of the Pew Oceans Commission. But, in particular I'm thankful to you, Admiral for the cooperation that you've provided. Both of us have been in regular communication about the issues that our commissions are working on.

I want to express my thanks to many of the members who have participated in a number of conferences. I just came back from one in which Bill Ruckelshaus and I addressed the Oceans Conference in Santa Barbara just yesterday. Also, Andy Rosenberg, Chris Koch, Bob Ballard, many others that we have worked with in various capacities.

I also want to express my thanks to the staff. Tom Kitsos is somebody I worked with in the Congress over the years, but also am thankful to other members of the staff who have really tried their best to coordinate with our staffs in terms of information in some of the work that we're doing. So my thanks to all of you, and my thanks in particular to the entire Commission. I know what you're going through. I know the time commitment that's involved here.

You've just completed nine months of regional meetings and I know the tremendous amount of time that that takes and commitment that that takes. You've heard a lot of testimony. You are gathering a lot of facts, and you are aware of the controversies that are out there. I guess if nothing else, I am here to at least let you know that there is a light at the end of the tunnel. Because it's exactly what we've been through over these last three years and ultimately you'll be able to pull together all of this information into something that makes sense for the country.

Before I get into some of the work that we've been involved with, let me just make an overall statement with regards to the goal of both commissions. And I think the Admiral and I have reflected on this. It is very important to extent possible that both commissions try as much as possible to complement each other in terms of our recommendations. I think there's a huge danger that if one commission does one thing and the other commission does another thing that, very frankly, having been in the Congress and having been in the executive branch, that's the best way to get nothing done. Because both will then just reject or they'll pick the arguments that they want to pick from one commission or the other, but in the end little will be achieved.

To the extent that we can come as closely as possible to being unified in terms of our recommendations, I think that would have a greater impact of terms of trying to make the changes in policy that are so important. So it is in that spirit that the Admiral and I and other members of this Commission have worked closely to try to see if we can, in the end, do that.

So in letting you know some of the areas that we are working on and some of the recommendations or at least some of the directions that we're working on, I do that in the spirit of getting your best guidance as well. I'm not here to tell you what we've concluded because, as you found out, there are a lot of different approaches that are out there. But I'm here to tell you, at least some directions that we feel are important, but I'm also here to gather your guidance as well, because I really do want to do that in the spirit of cooperation and coordination so that, to the extent possible, we speak with one voice to the country about the crisis confronting our oceans.

Let me tell you a little bit about the organization of my notes here. Basically what I want to do is tell you little bit about the Pew Oceans Commission. Many of you are aware of the Commission and who the members are. I'd like to talk a little bit about the issues, the specific issues we focused on, and some of our findings. What I would then like to do is talk about the broader goals that we think are very important to focus on. And then share with you some of the more specific recommendations that we again are working towards. And then I would be happy to answer any questions that you have.

The Pew Oceans Commission, for those that are not familiar with it, was organized about three years ago. And while it is funded by the Pew Charitable Trusts, it is an independent commission. All you have to do is look at the members of the commission to understand how independent it is. We have representatives from government like myself, Governor Pataki, Governor Knowles, and Governor Hayden from Kansas. We also have Mayor Joe Riley from Charleston, who appeared before your Commission, and handles our land development issues.

We have former Senator Guerrero from Guam. We have fishermen, Pat White, and Pietro Parravano, and scientists like Charlie Kennel from the Scripps Institution of Oceanography, as well as Jane Lubchenco from Oregon State University. We have Geoff Heal, an economist from Columbia University, and scientist and former astronaut Kathryn Sullivan. We have representatives from business such as Marilyn Ware of the American Waterworks Company, Eileen Claussen from the Strategies for the Global Environment, and David Rockefeller. We have conservationists like Admiral Rufe of The Ocean Conservancy, Julie Packard, and John Adams of the Natural Resources Defense Council.

All are just a very independent group. They all bring their own viewpoints to the table, just as I'm sure this Commission is represented by a number of very different viewpoints. And it is in that dynamic that I think we ultimately are able to try to work towards some conclusions here.

We did a number of hearings as you had, crisscrossing the country from Monterey to Maine, from Alaska and Kodiak to the Gulf in New Orleans, from Charleston to Maui. And we've done a number of meetings and forums and focus groups around the country particularly with fishermen, trying to get their sense of what's happening in the different communities from Seattle, again, to the Gulf, to the Carolinas.

We also went to Des Moines to talk about what's happening with regards to the Mississippi and its impact obviously on the Gulf and the whole issue that I think you've

just discussed with the Agriculture Department which is the whole issue of how do we control those wastes.

We've commissioned a series of science reports. They don't necessarily reflect the views of the Commission, but we share these with you because I think they cover some of the areas that are important for you. We did one on coastal sprawl which is great by Dana Beach. We did reports on marine aquaculture, introduced species, marine pollution, and then we've just issued one on ecological effects of fishing. There are a couple more reports that we're going to do, but those reports are basically aimed at trying to help us arrive at some of the conclusions that we have to work at.

The report that we are working on as a Commission we're hoping to get out early next year. And we know that your report is due sometime in June, so, again, we think it's really important next year to make sure that both Commissions really try to bring the issues that we've been involved with to the attention of the country and to the world.

What are the issues that we have focused on? Our mandate from the beginning was to look at living marine resources, which is obviously a much more limited focus than the agenda and mandate that you were provided by the Congress. We have focused on the following areas: governance, fisheries, pollution, and coastal development. Those were the primary committees that we established to look at those four areas.

We also felt that we had to address issues like aquaculture; the whole question of science, and that's something obviously that concerns this Commission as well; education which is so important to whether or not we get anyplace with the issues that we're discussing, and we also obviously have to at least comment on the international concerns. Because whatever we do with regards to the United States, clearly there are -- we are dealing with an ocean that can't just be managed by the United States, it has to be managed by the other countries in the world, and so those need to be addressed as well.

Let me speak a little bit to our findings. Our findings were as follows, and I'm sure they complement a lot of what you've discovered in your regional hearings.

First of all on governance. On governance, as you well know, there are some 60 committees in the Congress that deal with oceans issues with great respect; to people like Fritz Hollings and Ted Stevens who really have exercised great leadership on these issues. The reality is there are a lot of other committees that have their hands in the pot that are involved in one way or another with these issues. There are 140 laws. Then if you then multiply that by the regulations that follow on those laws you've got a myriad of laws and regulations that deal in one way or the other with various aspects of our coast and our oceans.

Then, of course, as you all know there are a number of departments and agencies then that obviously have jurisdiction here, somewhere between 20 to 30; there are a number of others that have indirect relationships in one way or another with issues here. If you multiply those then by state agencies and local agencies that are involved, you have a huge number of agencies and departments at the federal and state level that have some element of jurisdiction with regards to our oceans. The result generally is a broad lack of

coordination. There is conflicting guidance that is often provided. And in the end what happens when conflicts take place in our society is that people take actions to court and a federal judge makes the decision as to what happens.

The problem confronting federal judges is that they then have to make a strict application of the law. And the law, very frankly, in this area was largely designed to be implemented with some element of discretion and common sense. And too often I think policies affecting our fisheries and our oceans and our coastlines are being decided in the courtroom when they should be decided by policymakers who have that responsibility. But at the present time that -- you know, and it's trying to do their job. But unless there is a coordinated effort here, there are going to be conflicts and there is going to be mixed guidance and everybody will duck for cover because some of these issues are tough.

Somehow we've got to at least create the forum that allows for some element of coordination on this policy.

On fisheries, again, I'm sure it's the kind of findings that you have, whether it's Kodiak, Alaska to the Gulf of Mexico, there are growing concerns about fishing stocks. As mentioned by Admiral Watkins, I was born in Monterey. I was raised in -- I mean, that was my town when I was a kid. That was a fishing village that was devoted to sardines. That's basically what that town was about, so Cannery Row developed.

And in the late '40s the sardines were gone. And that had a tremendous impact on families, on fishermen, and on the community. It was a huge economic impact on that community. I don't want to see other communities go through what Monterey went through. But, indeed, we are seeing some of that same thing happen, whether it's cod in New England, salmon, ground fish, snapper, you name it, we're seeing increasing problems with fishery stocks.

The estimate is that 25 to 30 percent of all commercial fisheries are being impacted right now in some way by either overfishing or destruction of those fisheries. And there's an awful lot we don't know about the fishing stocks that are out there. But the ones we do know about, clearly they're in trouble.

Bycatch, as you know, is a huge problem, 25 percent of the world's catch is bycatch and a lot of that is discarded. And when you discard it and it's lost, it impacts obviously on the food chain that is so important to being able to sustain those fisheries. And the habitat damage is also something that we are seeing increasing in terms of the impact on the very areas that are so important to the ability of these fish to survive.

On pollution, again, the story there is not a good one. We've made good progress in over 30 years on direct sources of pollution, on point sources. But over the last 30 years, what's happened is we've had increased pollution from non-point sources.

The National Science Academy had a very interesting number. They said that 10.8 million gallons of oil run off of streets into the oceans every eight months. The equivalent, incidentally, of the Valdez spill runs off into the oceans just from the streets along our coastline. That's a huge number. And then if you add to that obviously the

impact of fertilizers, the impact of these large animal feeding operations, you've got tremendous nitrogen and toxic pollution that's taking place that's creating the dead zone in the Gulf.

But it is also creating additional dead zones elsewhere. We're seeing the results of eutrophication, leading to hypoxia, leading to basically a destruction of all life in those areas. And that is on the increase, and that concerns us. Closed beaches are on the increase because of increased pollution as well. And if you add to that the problem of invasive species which I consider to some extent a pollution problem because these are species that are discharged into bays and the one number that always sticks in my mind is that close to 300 invasive species are in San Francisco Bay alone. And you could imagine what over 300 different species are doing to that life. I mean, in essence they are changing the habitat and they're changing the wildlife in San Francisco Bay as a result of that.

On development something we all know and I know being from California and being from the coastline, 54 percent of our population lives near the coast, on 17 percent of the land. We think another 27 million people will be moving to the coastline in the next 15 years. And clearly that has -- it's not that we can stop growth; growth is going to take place. People want to go to the coast. It's nice to live there. But it is clearly impacting on our wetlands and marshes and we are losing them as a result of that kind of development.

Dana Beach warns us that we're paving over a lot of the areas that are so important to again our ability to sustain fisheries. Because as you all know, what happens on land does affect what happens in the sea. In Louisiana alone, I think we had testimony from a banker in New Orleans who said that a football field of wetlands is lost every 30 minutes. That's a hell of a statistic. But when I added it all up, based on the number of acres we know that are being lost there, it comes together.

California, alone, 95 percent of our historic wetlands are gone. They're gone already. So there is a real problem that obviously is the result of just people wanting to go near the ocean and live near our coasts. The result of all of this obviously is that we think that, you know, our oceans are facing some serious crises.

Thirty years ago when the Stratton Commission looked at the problems of our oceans, and I was around at that time, and was a legislative assistant to Senator Kiekel [ph] from California. The main focus at that time was the threat to our ocean resources from others. We were worried about the Russians coming in, we were worried about other countries coming in and taking all of our fisheries. And I think we confronted that pretty well.

Today it's a different problem. The problem is that the threat from the resources largely is from our own -- from ourselves, from our own behavior. One of the things that helped the Stratton Commission is the fact that when you have an enemy, you know, you can identify that enemy, you can get policy done pretty fast. But when your enemy is kind of looking at yourselves and your own behavior, that's tough to do. I think that's what we confront right now with regards to the crisis that we're now facing.

Recognizing that and recognizing that to some extent, I think we all take our oceans for granted, the question is, how do we try to confront these issues. As I've mentioned to Admiral Watkins, and I think it's true, we govern in this country by leadership or crisis. And too often crisis kind of drives policymaking. That's certainly the case right now in a number of areas. Crisis is allowed to drive issues rather than leadership, taking the risks of leadership and trying to make some tough decisions about what needs to be done. And I think what we have to do is to make sure crisis doesn't, by itself, drive the issues here in the ocean.

The fundamental goals that we think are important are that we have to ensure healthy and productive marine ecosystems for ourselves and for future generations. That seems to me to be a very important overall goal. We've got to focus on how we produce healthy and productive marine ecosystems that will sustain fisheries for the future.

How do we accomplish that? I think there were some general principles that we have to think about.

One, there is a relationship between the land and the sea. And the mechanisms that are out there right now kind of, there's a mechanism that focuses on issues in the land, there are mechanisms that focus on the issues of the sea, and there is very little coordination oftentimes between the two. Somehow we've got to make people think about the relationship between what happens on land does affect what happens in the ocean.

Secondly, I do think we need to take this broad view of looking at the ecosystem and try to govern pursuant to that kind of approach. And I'll mention some of our thoughts on that. Because in the end this is about creating the right forums that allow for coordination of policy. None of us can dictate policy. I serve as the co-chair of the governance committee on the New York Stock Exchange board. We just issued listing standards to companies dealing with governance. And one of my arguments is these are great, but, you know, you can't legislate honesty. In the end it's up to CEOs and boards of directors to decide whether they want to be honest. And to some extent, all we can do is basically establish the right forum so that people can come together. And if they want to do the right thing, fine, at least you have the right forum. But right now they aren't even in the right forum, they're all in their own jurisdictions and turfs.

And, lastly, we've got to convince people that this is a public trust. We do take our oceans for granted. We don't look at our oceans as a public trust. I think we have to realize, yes, it is a public trust and we've got to handle it in a way that ensures that those resources are there for our children and for future generations.

Now, let me just give you a quick overview of some of the direction of our recommendations, just to give you a sense of where we're headed. Again, we would certainly seek your guidance on this and we are in the process of finalizing these recommendations, so these haven't fully been nailed down, but I at least want to share with you what our thinking is.

On governance, number one, we think we do have to -- this country has to pass some kind of national ocean policy act. And the reason you have to have a national ocean

policy act is to, in effect, lock down the commitment by the country to the protection of marine ecosystems and sustainable fisheries and sustainable resources.

There has to be a national commitment to this. And, you know, all of the good statements from any president on this issue are frankly not enough. You've got to have a law that basically commits this country to that kind of commitment. Because everything else that follows, you know, we can talk about, we can debate, but if you don't establish that national commitment to where we want to go, then there will be scramble for jurisdictions and different approaches. So that's number one.

We've got to come together in developing some kind of ocean policy act that is passed by the Congress that reflects that commitment.

Second, our view is that it has to be implemented through what we would call regional ecosystem councils. And the model that I thought was really effective from our point of view is the Chesapeake Bay model. Alaska is also involved in some similar efforts, as is Maine. The goal is to bring the key players to the table. And what happened in the Chesapeake Bay. They brought the federal government to the table, they brought state governments to the table, and they developed a plan that established goals as to how they would restore the resources in Chesapeake Bay. They are meeting many of those goals and when they're not meeting some of them they come back and they say, how can we do better? But they are doing it in a coordinated fashion that looks not just at the issues of the land and the ocean separately, but brings them together.

Somehow we have got to develop a governance mechanism in this country that is regionally based and that looks at issues of land and the sea. And I would suggest that that model of developing those kinds of councils is important.

Now, what we're looking at is how do you bring the federal and state officials—and you obviously want to have the fishery councils involved—into that process. You want to have stakeholders involved in that process. And, again, the model that we're looking at is the Chesapeake Bay model as a guide.

Third, we think it's very important at the national level to restore some coordination at the national level. So we are going to recommend the national oceans council that basically brings the agencies and departments together in some kind of coordinating council at the White House level.

As a member of the White House I've been part of a lot of the councils that currently exist. Some work and some don't work, very frankly. So there's no magic here because in the end it really does take the commitment of the president to make those kinds of councils work. For that reason, I would think that as part of the Ocean Policy Act it's probably a good idea to try to establish that coordinated council by law as opposed to executive order. I think that's a better way to do it. But there has to be that coordination. You've got to bring all of these agencies together in some way to look at coordinating ocean policy.

We discussed this and I'm sure you probably looked at, or at least you're governance section and I talked to Bill Ruckelshaus about whether we should recommend an oceans

department. An oceans department is a great thought, but very frankly, you know, I know the politics of trying to establish that. Homeland Security, for God's sake, is probably a huge department and that is having problems. So I know the political realities of that.

But in some way, what I would recommend at the very least what we talked about in the Commission is at least, you know, perhaps taking NOAA and making it an independent ocean agency that can operate separately in the ocean's area. And the reason for that is to give it the kind of status and presence that you need to have. You need to have somebody sitting at the cabinet table, somebody sitting at the table that represents the issues of the ocean. So that may be a little easier to do. It's still tough, I understand that, but that may be something we may recommend understanding the political problems involved.

On fisheries, the fundamental objective of federal fishery management has to be to develop sustainable fisheries. And so what we would recommend is, again, policies that would maintain and restore our fishing population. We think we have to move away from single species management towards ecosystem managements and, again, we would like to see through these regional councils working with fishery councils, the implementation of tools that would allow for that kind of approach to sustainable fisheries.

Also, we are looking at how do you separate the scientific decision about how many fish ought to be caught from the process of dealing with whom should catch them. In other words, one is a decision that is scientific, and the other is a decision that obviously fishery councils are going to have to make. But you need to separate those two decisions. Right now they're in one place and it's trouble. Some work well, but a lot do not.

On pollution, quickly, we need to strengthen the Clean Water Act and try to deal with the non-point sources of pollution. We need to develop standards and we also need to develop resources here to try to deal with some of the issues like cruise ship discharge. I mean, Alaska has dealt with cruise ship discharges in an effective way. There probably needs to be a national law that addresses those issues. We need to deal with ballast water and we also need to deal with the whole question of how do we establish some kind of effective watershed approach that can be incorporated in this regional approach that I talked about.

On coastal development Dana Beach has some great recommendations. You heard them from Joe Riley. We are not going to stop growth, but in the very least we need to identify and protect the habitats that are crucial to our marine ocean systems. We need to expand ways to change land development practices to reduce runoff. We need to promote efficient development. And last, I have to tell you, somehow we've got to tie federal funding so that it's an incentive to doing the right thing instead of an incentive to doing the wrong thing. And right now, you know, whether it's transportation money or other money, they don't pay attention to what the impact is, in terms of these issues. And my view is you ought to in the very least tie federal funds to ensuring that everybody is working towards the same end.

I might mention a couple of other areas quickly. Aquaculture is obviously a growing industry. It's going to continue to be a growing industry. When I first served on the agriculture committee we were dealing with catfish farming and I co-authored the legislation dealing with that for the first time. It's come a long way since then and it's going to continue to grow. But right now, very frankly, there are about 50 different approaches to dealing with that issue. And in the very least we need to establish some kind of national marine aquaculture policy that looks at some of the problems that we are seeing out there and tries to help these are entrepreneurs. They're smart, I think they want to do the right thing, and I think we just have to be helpful to them to make sure that the wrong things don't happen, and we've seen that happen.

Science, Admiral Watkins' favorite area, is how do we develop the science? Science is inadequate right now. I mean, the amount of funding is a shame, \$600 million to deal with all ocean science research is nuts when you compare it to a NASA, when you compare it to other areas of research at the federal level. In the very least it has to be doubled to 1.5. We are recommending about 1.5 billion, which gets you back to about 7 percent. It's still not enough, but it certainly would be a large improvement.

It was interesting in Alaska, the one thing we noticed in Alaska is that, I guess because of the Valdez oil spill, funds were available to put into science and boy did they use it. They used it effectively. It's a good indication that when funds are available to do the right kind of science you can do great things. And very frankly, for all the things we're finding right now, I still come down to the conclusion that there's an awful lot we don't know. That involves monitoring, that involves greater science.

Education is the last thing I would point out because we have got to improve the ability to make citizens aware of these issues. If we don't do that, we'll get nowhere. And, so, I think part of this has to go for education efforts, part of it has to go to try to work with television, with the Internet, and to try to work with developing partnerships that expand education in this area.

Let me just conclude by saying I've been a part of commissions as many of you have that in which the commission reports basically wind up sitting on a shelf someplace. There's always that danger. And I guess for both of us, the question is, how can we make a difference with regards to our commission report?

I don't think we're going to get anywhere unless we are effective at saying to the country that there is a crisis out there that needs to be addressed. I think that's extremely important. I'm often asked a question that with a possible war in Iraq, you've got terrorism, you've got other crises, the health care crisis, you've got stock market crisis; who the hell is going to pay attention to the issues of the ocean?

Well, I think we've got to be effective at basically saying to the country that when it comes to our oceans if you're talking about national security, our oceans are a matter of national security as well. The security not only in terms of our food and nutrition, but security in terms of our economies and our communities and the lifestyles that we care so much about. That's the message we have to get across.

In the end, this is not about us. This really is about our children. I've often mentioned that my parents were Italian immigrants and I once asked my dad, why did he make the decision to travel 3,000 miles, he had no money, no education, no language skills, he was the 13th in his family. He had a few brothers here. And he ultimately came here with my mother and he said, you know, in the end the real reason was because we wanted to give our children a better life. And I think that is the American dream and to some extent that's really our responsibility. It isn't about now. It's about whether or not what we recommend and the policies we change guarantee that future generations can enjoy these same resources.

Thank you.