

THE TEXAS OBSERVER

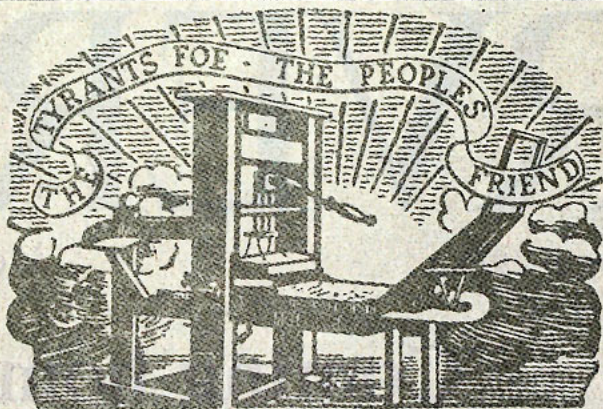
A Journal of Free Voices

February 2, 1979

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Coming home to roost





The Texas OBSERVER

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A journal of free voices

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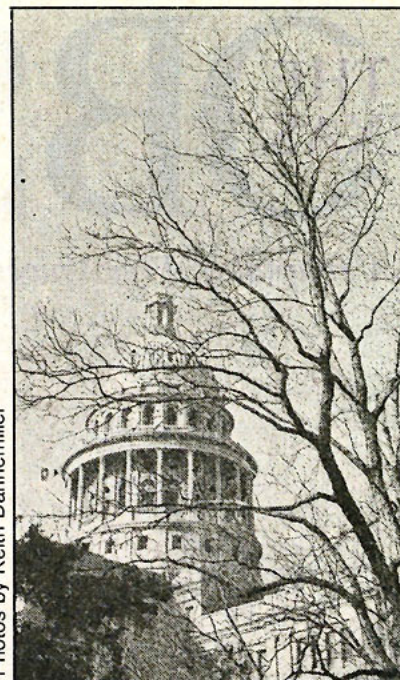
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Photos by Keith Dannemiller



The pecans

Austin

Here in Austin, several stately pecan trees grace the Capitol grounds. In late November and December, when the pecans drop, it's common to see Austin old-timers and an occasional gaggle of off-season tourists bent over, circling under the public's trees, harvesting the bounty. Business lobbyists don't control the pecan trees, at least not yet, but that's about all the lobby doesn't have a firm grip on this year, and if you didn't get any pecans from the state Capitol this winter, good luck on getting anything else.

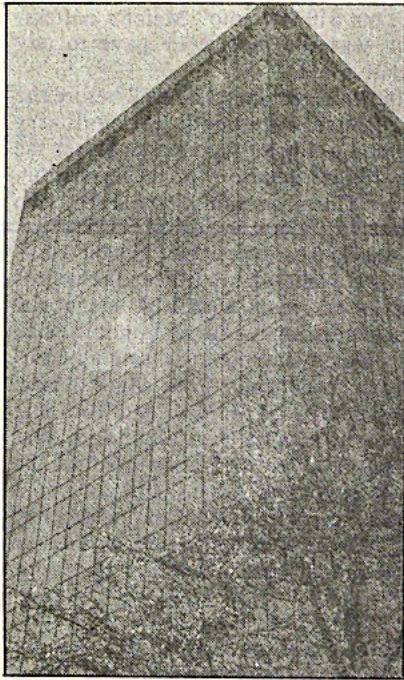
Unless, of course, you're a savings and loan president, a timber tycoon, a loan company executive, a chain-store retailer, or some such. If so, you're likely to get a great deal from the Capitol in the next four months. Things are tailor-made for corporate interests in the 66th Legislature—the governor, speaker of the House, and most committee chairmen are their kind of people, and they have a host of lobbyists already going full-tilt in their behalf.

Like droughts, legislative sessions seem to run in cycles, and there are more bad years than good. The 63rd Legislature was known as a reform biennium, producing important laws on state open records, consumer protection, financial disclosure, deceptive trade practices, and more. In the 64th and 65th, however, business interests reclaimed the government and used Dolph Briscoe and Billy Clayton to prop open the door so highway builders, coal-slurry pipeline firms, and others among them could make a good haul. This time, after spending an unprecedented sum of money in 1978 political campaigns (*Obs.*, Dec. 1, 1978), the state's major economic interests are at the zenith of their political cycle, and from the way things are shaping up here in the opening days, they are viewing last year's election results as nothing less than a license to loot. While they're at it, they also intend to dismantle most of the reforms passed in '73.

Doing business at the Capitol

There is some little lobby in Austin for about every cause in the book. This year's listing includes registrants of all stripes,

American Bank Tower



Westgate Building



Watering hole



belong to the people

from Armadillo Revival to Women Who Want to Be Women, from the Furniture Action Coordinating Team to the National Muzzle Loading Rifle Association.

But for all the apparent diversity within the Austin lobby, power is clearly in the hands of corporate interests. As of this writing, there are 871 people registered to influence legislation this year; at least 80 percent of them represent corporations (the actual percentage undoubtedly is higher, but many firms disguise their identities in the lobbying reports, and we were not able to unmask every one). Just one company, Southwestern Bell Telephone, has more people registered than all the state's consumer and labor organizations combined. The phone company has 60 of its executives registered to lobby, and that doesn't count its vice president for public affairs, who coordinates the firm's lobbying effort, or the three full-time hired guns that Bell retains in Austin during the session.

The big firms are not encamped at the Capitol merely because they have a citizen's general interest in the performance of state government; they are here to get very specific benefits for themselves, and they come with well-laid plans and all the punch they can muster. A major corporate lobbying program—such as the ones run by Exxon, Texas Utilities, Southwestern Bell, Tenneco, Entex, Associates Corporation of North America, Republic of Texas Corporation, and many others—is as well-rooted as a mesquite tree, with its officially designated lobbyist being the least of it.

Consider the total presence that the big firms maintain in the capital city: (1) they work from year-round offices in Austin, staffed with company lawyers who keep a hand in government all the time; (2) they have one or more of their executives registered to lobby all the time, even when the Legislature is not in session; (3) they have political action committees to make contributions in the company name to key members of the Legislature; (4) they keep well-connected, professional lobbyists on retainer to advise them on their specific lobbying campaigns (see page 4), often hiring former legislators for this task; (5) they also retain "political" law firms, which will register to lobby in

their own names, but actually do so in behalf of their clients; (6) they form lobbying coalitions with like-minded corporations, usually cloaking them with pseudonyms implying civic responsibility, such as Texas Association of Taxpayers or Coalition for Products Liability Reform; (7) they lobby through their trade associations, which also engage in steps 1 through 6 above; and (8) they lobby not only under the names of their parent firms but also through their various subsidiaries, which use all seven techniques listed above.

And if that's not enough, there's even a lobby of corporate lobbyists—the Texas Society of Association Executives. Its current president is Gene Fondren, who is chief lobbyist for the Texas Automobile Dealers Association, and its registered lobbyist is Gaylord Armstrong, an Austin attorney who also is handling such accounts as Exxon, General Electric Credit Corporation and Continental Airlines this session. If there is a need for the whole network of corporate interests to act as one, TSAE is the place to plug in—you might remember the society as the bunch that Comptroller Bob Bullock gathered in his office last spring when he wanted to activate the state's business interests in behalf of Dolph Briscoe's re-election campaign.

Interest rates, for example

In its very first pitch to the 66th, the business lobby is hurling a high-inside hard one: raising the legal interest rates on home mortgages above the usury rate of 10 percent. Only in the last couple of months has this surfaced as a major public issue, but it has been a long time in the works, and a quick rundown of the lobbying apparatus around it gives as good a glimpse as you're likely to get of the power behind one of these measures.

First of all, the bid to raise interest rates is a coordinated effort of several lobbies, with the Texas Savings and Loan League being the out-front interest. The supporting cast includes the Texas Mortgage Bankers Association, the Texas Association of Realtors, the Texas Association of Builders, the Texas Association of Bank Holding Companies, and the Texas Bankers Association.

These interests initiated their current lobbying program more than a year ago, putting up a substantial ante in 1978's political campaigns. In fact, the combined home-lending and building industry was one of the top three contributors to legislative campaigns last year, donating at least a million dollars through its various political action committees and at least

that much again in contributions by individual executives. The industry invested heavily, for example, in Sen. Bill Meier of Eules, who now turns up as sponsor of the lenders' rate-increase bill—the savings and loan political action committee (SALPAC) contributed \$5,000 to Meier's campaign last spring, the largest sum the S&Ls contributed to any candi-

date, and the realtors' committee (TREPAC) put \$10,000 into Meier's coffers, which was the most they gave to any legislative bid.

After the elections, and well before the Legislature convened, the industry launched a low-key campaign to set the stage for introduction of its legislation. George Christian and Jerry Hall, two

George Christian the lobby's Mr. Big

By Jo Clifton

Austin

George Christian, 52, former newsman, press secretary to President Lyndon Johnson and to Govs. Price Daniel and John Connally, now calls himself a public affairs consultant. He counts among his clients the Texas Association of Taxpayers (which is made up not of common taxpayers but of about 2,000 corporate members such as Exxon, Dr. Pepper and Rockwell International), the Texas Association of Bank Holding Companies, the Texas Savings and Loan League, and the Texas Ophthalmological Association, as well as the Motion Picture Association of America and the Associated General Contractors of America.

Christian's office, 18 floors above Austin in the garish-gold American Bank Tower, is that of a journalist turned rich—it's

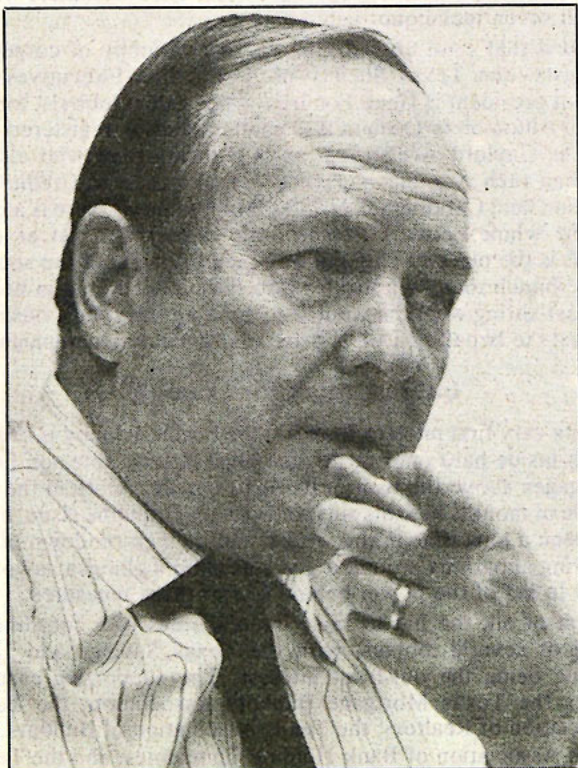
not ostentatious, but conspicuously expensive. Seven enormous window panes form two walls of his office; mementos from various clients and from his years with LBJ accent the room. An old manual Royal typewriter sits in an honored position close to his constantly ringing telephone. During an hour-and-a-half interview, Christian took calls from Mark White, Robert Strauss, Austin pollster George Shipley, and Tom Hagen, a former Christian employee now on the staff of U.S. Sen. Lloyd Bentsen. This consultant is as well-connected to the Democratic establishment as anyone in Austin, and such connections are his primary stock in trade. Indeed, no member of the Texas House or Senate is as well-connected as George Christian, and when he calls one of them, it's almost flattering, and plenty effective.

Christian, who quarterbacked the successful fight for coal-slurry pipeline legislation during the last session of the Texas Legislature, doesn't like to think of himself as anything so crude as a lobbyist. "I do so little lobbying," he says, and he is surprised the *Observer* considers him as such. But we do. Not the old breed, to be sure, but the epitome of the new breed—the sophisticated, low-key "Austin representative." In fact, Christian is at the head of his class. He tells other lobbyists what to do, gathers them in his office and advises them, coordinates the efforts of various business groups trying for the same goal, as he did in the coal-slurry fight.

Although he refuses to say how much his clients pay, he smilingly concedes that he is making money. Mostly, he says, he charges his corporate clients by the hour, just as lawyers do. But also his fee depends on what he has to do to persuade the media and the Legislature that his client's position is the one they should embrace. The cost depends on "how many points I use up," he says. "Most of what I do involves newspapers," and he clearly cannot run down to the *Austin American-Statesman* every day on every account without losing the attentive ear of its editorial writers. So Christian gauges how much of his political capital he must expend and charges accordingly. And if he must actually contact a member of the Legislature, then the price goes up. In 1977 Christian's point man for direct lobbying was Hagen, now press secretary to Senator Bentsen. Companies like Eli Lilly, a pharmaceutical firm that opposes passage of legislation allowing pharmacists to substitute generic drugs for brand-name remedies, have their own individual lobbyists, Christian says, but bills like the one proposed last session by then-Rep. Mickey Leland "bring out a team effort," so there are many lobbyists united either for or against such measures.

It's hard to understand how anyone, except a drug company, could oppose a bill allowing substitution of less expensive drugs for more expensive brands when all companies must meet the same federal minimum standards for quality. Christian admits that at first "it looks like a rip-off. That would be my reaction if I didn't know anything about it." However, he says that once he has analyzed all the pros and cons, it's generally "not all that difficult to accept the client's position." So this year, he probably will be involved again in an effort to prevent drug substitution bills from being approved by the Texas Legislature.

Christian's personal feelings? "I personally feel the way my client feels," he states matter-of-factly. He says he doesn't represent clients if he disagrees with their philosophy or what they're trying to accomplish. He also refuses to engage in losing battles and won't represent clients whose interests might be in conflict with the goals of his number-one account, the Texas Association of Taxpayers.



Thomas D. Bleich

Austin public relations men, were hired for this chore, and they made the rounds of Texas' major newspapers, pushing the industry line on editorial writers and news directors. Christian and Hall seem to have earned their fee—in December and January, newspapers in Austin, Houston, Dallas, San Antonio, Waco, Port Arthur, Fort Worth, Amarillo and elsewhere ran several pieces, all reflect-

ing the industry position that mortgage money in Texas will dry up unless the Legislature increases the interest limit. The *Austin American-Statesman*, probably the daily most influential among legislators, has even editorialized in favor of the lenders.

Then come the lobbyists themselves. The Savings and Loan League has three registrants working this session, directed

by Austin veteran Durwood Curlee. In the opening days of the 66th, Curlee sent each member of the House what can only be called a scare package of material purporting to show that failure to increase the usury limit "will have severe economic effects on the Texas economy, both in the housing field and in related industries." The package of evidence he circulated included reprints of a dozen of

Why does he represent only conservative kinds of groups, mostly corporations? For one thing, they were the ones who gave him business when he returned to Austin ten years ago. And as the years went on, more and more businesses were added to the list. Now Christian can pretty much choose his clients—and he chooses "not to mix apples and oranges." So he will not do anything "contrary to the business viewpoint." For example, Texas Woman's University asked him for help in gaining a new medical school, but he had to refuse, because "most of the people I represent think we have enough" medical schools.

"I've got a philosophy of government that fits my clients," says Christian. He broadly describes that philosophy as one of "fiscal responsibility." What that means to his clients is that Christian will fight whatever will cost them money, and he will promote whatever will help them make money, either in the area of taxation or in state spending.

Between sessions, during the even-numbered years, Christian directs media campaigns for various candidates, as he did for former Gov. Dolph Briscoe in the '78 primary. He also works on lobbying studies and charts TAT legislative programs for the next session.

Even though he was registered as a lobbyist for the big consumer finance companies in 1977, when they were seeking rate increases, Christian says he never actually did any person-to-person lobbying for their bill. He subcontracted that job to long-time Austin lobbyist Randy Pendleton. Christian's work for the Texas Consumer Finance Association involved advising the group on its public image, which was no small task, since nobody loves a loan shark. Says Christian: "They had a good case, but it was hard to sell. [Sen.] Bill Patman cut it to pieces" in his successful fight against raising rates on small loans.

Christian says he is not involved with the loan company battle this year, but he has signed on to help the Texas Savings and Loan League in its effort to raise interest rates on home mortgages above the "usury" level of 10 percent. His work on this issue, mostly already done, involves selling Texas newspaper reporters and editorial writers on the line that there will be no home loans in Texas if the usury ceiling isn't lifted. Christian says that all he'll do is tell them that California, which has no limit on mortgage loan rates, will get all the Texas loan money and home-seekers here will be left with none. Christian tells the story well, and a number of Texas editorialists and business writers have swallowed it whole. He speaks in well-modulated tones and presents facts to buttress his every assertion. And Christian's preaching in behalf of the savings and loan industry is echoed by the realtors and home-builders all across Texas, who also have lobbyists touching base with local papers and legislators. No one is doing any comparable PR on behalf of borrowers, so it looks as though there's only one side to the story.

What about the other side? Does it bother him that small business, farm, and consumer borrowers aren't represented? Christian's answer, stated without tongue in cheek, is that the argument against raising the ceiling is "so weak and ill-formed" that no one will listen. He predicts that the battle will be fought early in the session and his side will win.

One reason for the early battle is that legislators have already been inundated with information on the mortgage-interest-rate issue in their hometowns. Christian and his long-time friend, Austin ad-man Jerry Hall, joined forces in 1978 to make their case with local news editors and legislators, and they favor an

early run at passage before any opposition has a chance to form.

Christian explains that this kind of "grassroots lobbying" was used two years ago to convince the Legislature to approve Dolph Briscoe's \$528 million highway bill, which was passed in the opening days of the session. "Before the legislators got to Austin in 1977, they were made familiar with the problem in 1976 by groups like local chambers of commerce, highway people, tourist organizations, auto and truck people—everybody who has to do with highways and streets. That is the most effective type of lobbying." Add to that "media awareness," and you have a form of persuasion that far transcends the old formula of booze, broads and bags of money traditionally associated with lobbying. It's expensive, but it pays off for the clients who can afford it.

Christian's expense reports filed with the secretary of state's office certainly reflect the low priority he puts on the care and feeding of legislators. For example, he reported spending only \$46.05 for entertainment on behalf of Houston Natural Gas, his coal-slurry client, during April of 1977. He concedes that some members of the Legislature spend a lot of time being wined and dined at the Headliners Club, a few floors above Christian's own office, and at the Citadel Club a few blocks away, but he adds that those members are few. "The entertainment factor is pretty far down the ladder in lobbying these days," says Christian.

So, if freebies are not the answer, perhaps it's really in campaign contributions? Well, the legislator "does remember if he got help from some organization," Christian agrees. "But I don't know how the poor senator or representative sorts out how to reward one group and punish another, when so many groups contribute to the same candidate."

The real key to persuading most legislators is "appealing to reason," says the eminently reasonable Christian. Give them information and give information to their staff members—who have become very important in recent years. Once a member or his aide gets to know a lobbyist, knows he can trust the lobbyist not to mislead him, then the lobbyist is doing his job, according to Christian. A lot of lobbyists are "very good at maintaining relationships," he says, adding, "a legislator expects you to be partisan," so any lobbyist who doesn't put forth the strongest possible argument for his client's position is "picking the client's pocket."

Well, what about the public? Isn't the average Texan, who can't afford to hire a Christian, left out by this influence peddling? Christian asserts that as a plain citizen, he feels he is "not represented in a lot of things up here either," but he says with a straight face that the little folks can rely on "our representative government" to serve them fairly.

"I think it works. We've got a good Legislature. The public is well-represented by the Legislature. Now the influence imposed by all the business and labor and teacher and consumer groups—that's important," Christian says. The idea that business has more power than other groups or exercises undue influence is just flat wrong in his opinion: "If the Legislature were in the pocket of business, it wouldn't be necessary for business to spend so much money lobbying. . . . Ultimately, things work out and ultimately the public is represented by the people they elect. By and large, from my vantage point, I like the way it works." □

Former reporter Jo Clifton is a long-time Observer contributor and a student at the University of Texas Law School.

The lay of the land



Two-twenty-one West 6th Street isn't on the regular tour that Texans get when they come to see their state government in action, but if it is the exercise of power that interests you, this gold-glassed building—the American National Bank Tower—would be a “must” to visit. In it and a dozen similar buildings that surround the Capitol, every major corporate interest in Texas maintains a lobbying staff to shape government policy to its liking.

To aid the curious tourist, the *Observer* has drawn a map of power centers in Austin. Not all lobbies are in the high-rise office buildings—the Texas Bankers Association, for example, has built its own neogrotesque headquarters since the last session, subtly positioning it right across the street from the governor's mansion. Rumor is that the bankers built an underground tunnel linking them to the governor, but you'll just have to check that out for yourself. And not everyone is

located downtown—there are the utilities, for example, that have chosen offices way out at 7800 Shoal Creek Boulevard, which also just happens to be the address of our state's Public Utility Commission. Or there are the Texas Association of Realtors out on North IH-35 and the Texas Nursing Home Association on Highway 290-East, which just happen to be right in the respective neighborhoods of the Real Estate Commission and the Nursing Home Administrators Licensing Board. Well, it *does* save on cab fares.

Lobbyists can't just sit in their offices all the time, since their jobs require some field work, so we've penned in some of these work sites on the map for you, too, ranging from Lá Tour high atop the Westgate (where the tonier crowd can sip a Drambuie and literally look down on the Legislature) to old-faithful Scholz Garten for the nacho-and-beer bunch.

1. Austin National Bank Tower

Assn. of Consumer Finance Companies
Austin Bankshares Corp.
Austin National Bank
Educational Testing Service, Inc.
Insurance Premium Finance Assn.
Lone Star Industries
Mitchell Energy Corp.
Texas Assn. of Accredited Beauty Schools
Texas Assn. of Bank Holding Companies
Texas Cable TV Assn.
Texas Day Care Providers Assn.
Texas Federation of Drug Stores
Texas Food Marketing Assn.
Texas Forestry Assn.

Texas Television Broadcasters

2. American Bank Tower Building

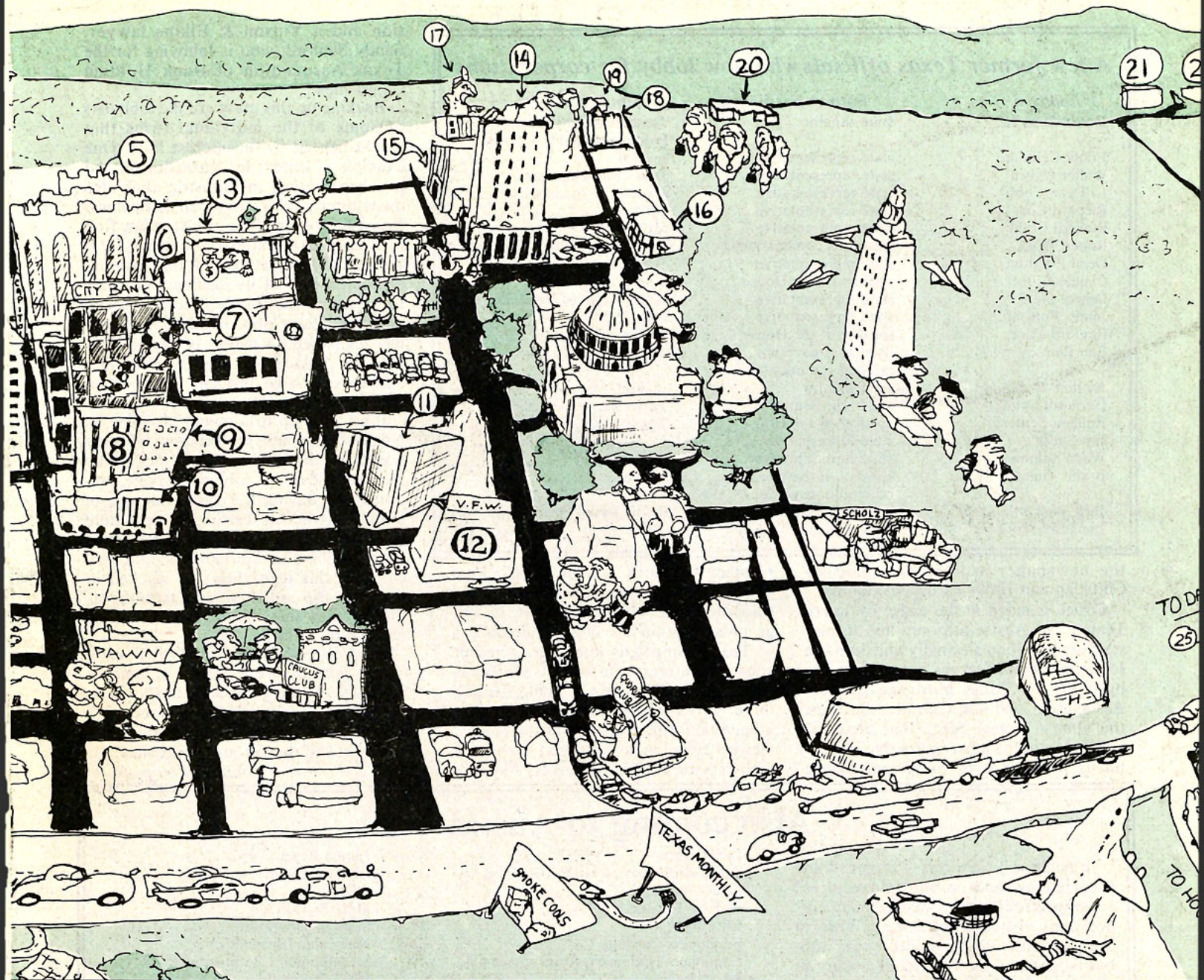
Associated General Contractors of America
Assn. of Consumer Finance Companies
Assn. of Electric Companies of Texas
Brown & Root
Central National Insurance Co. of Omaha
Consulting Engineers Council of Texas
CRS Services, Inc.
Entex
Group Hospital Service, Inc.
Group Life & Health Insurance Co.
Houston Natural Gas Co.
Industrial Foundation of the South
Lone Star Gas Co.

Lumbermen's Assn. of Texas
Miller Beer Distributors of Texas
Pharmaceutical Manufacturers Assn.
Texas Assn. of Accredited Business Schools
Texas Assn. of Taxpayers
Texas Independent Insurance Adjusters Assn.
Texas Land Title Assn.
Texas Medical Assn.
Texas Ophthalmological Assn.
Texas Package Store Assn.
Texas Society of CPAs

3. Southwest Tower Building

American Finance Management Corp.
Consolidated Lloyds Insurance Group

Dallas Board of Realtors
Holiday Inns, Inc.
Texas Assn. of Taxpayers
Texas Audio Visual Dealers Assn.
Texas Auto Dealers Assn.
Texas Car & Truck Rental & Leasing Assn.
Texas Funeral Directors Assn.
Texas Heavy Equipment Rental Assn.
Texas Independent Auto Dealers Assn.
Texas Manufactured Housing Assn.
Texas Merchandise Vending Assn.
Texas Mobile Home Assn.
Texas Motor Express Assn.
Texas Oil Marketers Assn.
Texas Retail Grocers Assn.



4. Perry-Brooks Building

American National Insurance Co.
General Telephone Co.
Licensed Beverage Distributors
Lone Star Steel Co.
Texas Railroad Assn.
U.S. Brewers Assn.

5. Capital National Bank Building

Assn. of Fire & Casualty Companies
Rauscher-Pierce Securities Co.
Southwestern Bell Telephone Co.
Texas Life Insurance Assn.
U.S. Municipal Leasing Corp.

6. City National Bank Building

El Paso Natural Gas Co.
Gulf Oil Corp.
Mobil Oil Corp.
Tenneco, Inc.
Texas Commerce Bancshares

7. Texas State Bank Building

Continental Airlines
Exxon USA
General Electric Credit Corp.
Gibraltar Savings
Seadock, Inc.
Securities Industry Assn.
Texas Assn. of Insurance Agents
Texas Mortgage Bankers Assn.
Texas Society of Architects
Texas Society of Association Executives
Tobacco Tax Council
Wholesale Beer Distributors of Texas

8. Vaughn Building

Agricultural Chemical Council
Texas Bankers Assn.
Texas Chemical Council
Texas Mid-Continental Oil & Gas Assn.
Texas Nursing Home Assn.
Texas Railroad Assn.

9. International Life Building

Texas Aggregates & Concrete Assn.
United States Brewers Assn.

10. San Jacinto Building

Assn. of Electric Companies of Texas
Coalition for Products Liability Reform
Monsanto Co.
Motion Picture Assn. of America
Texas Assn. of Business
Texas Pyrotechnic Assn.
Texas Turf Irrigation Assn.

11. First Federal Plaza

Atlas Van Lines
Republic National Bank
State Farm Insurance Co.
Texas Savings and Loan League

14. Westgate Building

Associates Corp. of North America
Boon-Chapman Agency, Inc.
County Mutual Insurance Cos.
J.C. Penney
Lone Star Life Insurance Co.
Ranger-Pan American Insurance Co.

Shell Oil Co.

Texas Assn. of Homes for the Aging
Texas Assn. of Licensed Children's Services
Texas Assn. of Life Underwriters
Texas Hospital Assn.
Texas Motor Transportation Assn.
Texas Pharmaceutical Assn.
Texas Podiatry Assn.
Texas Retailers Assn.

15. Stokes Building

Central Power & Light Co.
Gulf States Utilities Co.
Printing Industries Assn.
Retail Grocers Assn. of Houston
Southwestern Bell Telephone Co.
Texas Assn. of Proprietary Schools
Texas Power & Light Co.
Texas Renderers Assn.
Texas Utilities Co.

Some other corporate power centers in Austin

13. Texas Bankers Assn.
203 W. 10th
20. Texas Medical Assn.
1801 N. Lamar
21. Texas State Chamber of Commerce
7701 N. Lamar
22. Houston Lighting & Power
7800 Shoal Creek Boulevard
Gulf States Utilities Co.
7800 Shoal Creek Boulevard
Texas Power & Light Co.
7800 Shoal Creek Boulevard

23. Texas Pharmaceutical Assn.

1624 E. Anderson Lane
24. Texas Assn. of Realtors
8416 N. Interregional Highway
Texas Automobile Dealers Assn.
1108 Lavaca
26. Texas Manufactured Housing Assn.
6937 N. Interregional
27. Texas Apartment Assn.
6225 E. Highway 290
Texas Assn. of Homes for the Aging
6225 E. Highway 290
Texas Nursing Home Assn.
6225 E. Highway 290
Texas Hospital Assn.
6225 E. Highway 290

28. Texas Funeral Directors Assn.

1513 S. Interregional Highway
29. Texas Society of Association Executives
2101 S. Interregional
Texas Wholesale Grocers Assn.
2101 S. Interregional
30. Associated General Contractors
Building Branch—609 S. Lamar
Highway Branch—Stephen F.
Austin Hotel

Around town

12. Texas Assn. of Builders
16. Blue Cross and Blue Shield of Texas
17. Texas Assn. of Realtors
Texas Dental Assn.
18. Allstate Insurance Co.
19. Texas Assn. of Life Underwriters
25. Texas LP-Gas Assn.

A few former Texas officials who now lobby for corporations

Lobbyist	Former position(s)	Main client
Don Adams	state senator	Texas Assn. of Business Products Liability Coalition
Frank Calhoun	state representative	several
Walter Caven	state representative	Texas Railroad Assn.
L. Dean Cobb	state representative	several
Richard Cory	state representative	Utilities
Richard Craig	state representative	several
Robert Duke	securities commissioner	Consumer Finance Assn.
Gene Fondren	state representative	Texas Auto Dealers Assn.
Claude Gilmer	speaker of the House	Southwestern Bell
Dewitt Hale	state representative	Texas Assn. of Builders
James Presnal	state representative	several
Rayford Price	speaker of the House	timber interests
Ben Ramsey	lieutenant governor	freight companies
Johnnie B. Rogers	railroad commissioner	several
Gerhardt Schulle	state senator	Texas Assn. of Realtors
Reuben Senterfitt	state representative	Texas Utilities Co.
Jim Slider	speaker of the House	Lone Star Steel <i>et al.</i>
Wade Spilman	state representative	Exxon <i>et al.</i>
Byron Tunnel	speaker of the House	Tenneco
Jack Welch	railroad commissioner	Texas Retail Federation
James P. Word	state representative	Texas Assn. of Taxpayers
	state senator	

the newspaper articles prompted by Christian and Hall's earlier visitations.

Curlee is aided in the cause by Larry Temple, an Austin attorney and former staff man to John Connally and Lyndon Johnson; Temple serves now as the lobbyist for the Texas Mortgage Bankers Association and for Gibraltar Savings, the state's largest S&L. The realtors' lobby, one of the most aggressive in Austin, is presided over by former House

member Gerhardt Schulle (*Obs.*, June 17, 1977), and his movement around the Capitol is not encumbered any by his group's donation of half a million dollars to Texas campaigns last year. Another cog in the interest-rate lobby is the Texas Association of Builders, which is fielding three registered lobbyists, including the influential former member of the House, Dewitt Hale. Also involved are three lobbyists for the Texas Bankers Associa-

tion and a Vinson & Elkins lawyer, Sandy Sanford, who is lobbying for the Texas Association of Bank Holding Companies.

Backing up this crew are the lobbyists of some of the individual firms that would benefit by an interest hike. One example is Entex, Inc., a major oil and gas corporation in Houston that also owns three savings and loan companies. Entex has retained the Houston law firm of Bracewell & Patterson to represent it before the Legislature, and that firm has registered four of its members to lobby for Entex, including former House member Dean Cobb. In addition, Entex has registered 14 names of people outside of Austin, apparently company executives, to be brought in for occasional lobbying duty.

It all adds up to a powerful noise. In November, when the lending industry was first floating the idea of jacking up the usury level, its lobbyists spoke cautiously of having a "slight" chance of putting it over this session, but now there is bolder talk that the odds are better than 50-50. The committees that will consider this legislation are stacked in favor of the industry, and it looks as though they may try to run it through early in the session.

Even though a majority of Texans would certainly vote against a jump in mortgage rates if given a clean shot at it, the likelihood today is that the lobby will have its way. The industry has its ducks in a row, and they're just trying now not

(Continued on page 20)

Also coming to Austin

In addition to lawyers, PR men, trade associations, and corporate executives encamped full-time in Austin, many corporations also register one or more of their out-of-town executives as lobbyists, and call on them as necessary to come to the capital city to push their company's interests. Among the firms with such standby lobbyists registered this year are:

Alcoa
American Credit Corp.
American Desk Manufacturing
American General Insurance Co.
Amoco
ARCO
Armco Steel
Associates Corp. of North America
Atchison Topeka & Santa Fe Railway Co.
Babcock & Wilcox
Bristol Laboratories
Brown & Root
Campbell Soup
Central Freight Lines
Central National Insurance Co. of Omaha
Central Power & Light
Chevron Resources Co.
CIC Finance
Colonial Pennsylvania Insurance Co.
Combined American Insurance Co.
Continental Oil Co.
Dallas Power & Light

Devro, Inc.
Diamond Shamrock Oil & Gas Corp.
Dow Chemical
El Paso Electric Co.
Eli Lilly & Co.
Employers Casualty Co.
Employers National Life Insurance Co.
Enserch Corp.
Entex
Ethyl Corp.
Everest Mineral Corp.
Exxon USA
First International Bancshares
First National Bank of Dallas
First National Bank of Houston
Foley's Department Stores
Frostbank Corp.
Furrs, Inc.
General Crude Oil Co.
General Electric
General Motors Corp.
General Telephone
Georgia Pacific Corp.
Great Western Loan & Trust
Gulf States Utilities Co.
Household Finance Corp.
Houston Lighting & Power
International Communications Corp.
International Paper
Ives Laboratories, Inc.
Johnson & Johnson
Kelly Services
Kerr Glass Manufacturing Co.
King Ranch
Kirby Lumber Co.

Liquid Paper Corp.
Lo-Vaca Gathering Co.
LTV Corp.
Marathon Oil Co.
Marion Laboratories
Mary Kay Cosmetics
Metropolitan Life Insurance Co.
MKT Railroad
Monsanto Co.
Nik-o-Lok
Olin Corp.
Pennwalt Corp.
Pfizer Pharmaceutical
Republic National Bank
Republic of Texas Corp.
Reynolds Metals Co.
Rockwell International
Shell Oil
Southern Pacific Transportation Co.
Southern Union Gas
Southwest Airlines
Southwestern Bell Telephone Co.
Southwestern Public Service Co.
Tenneco
Texaco
Texas Electric Service Co.
Texas Instruments
Texas Power & Light
Texas Utilities
Todd Shipyards Co.
Trailways
Union Carbide
The Upjohn Co.
West Texas Utilities
Wyeth Laboratories

A cool look at the big spenders

By Doug Harlan

San Antonio

Election campaigns are competitive ventures. The key to winning them, as in most other kinds of competition, is acquiring and properly utilizing the relevant resources. In campaign politics, the major resources are money, manpower, time and issues. Which of these is most important in a particular campaign often depends on circumstance, but a typical candidate, if forced to pick the one resource he would like to have "most of," would probably choose money.

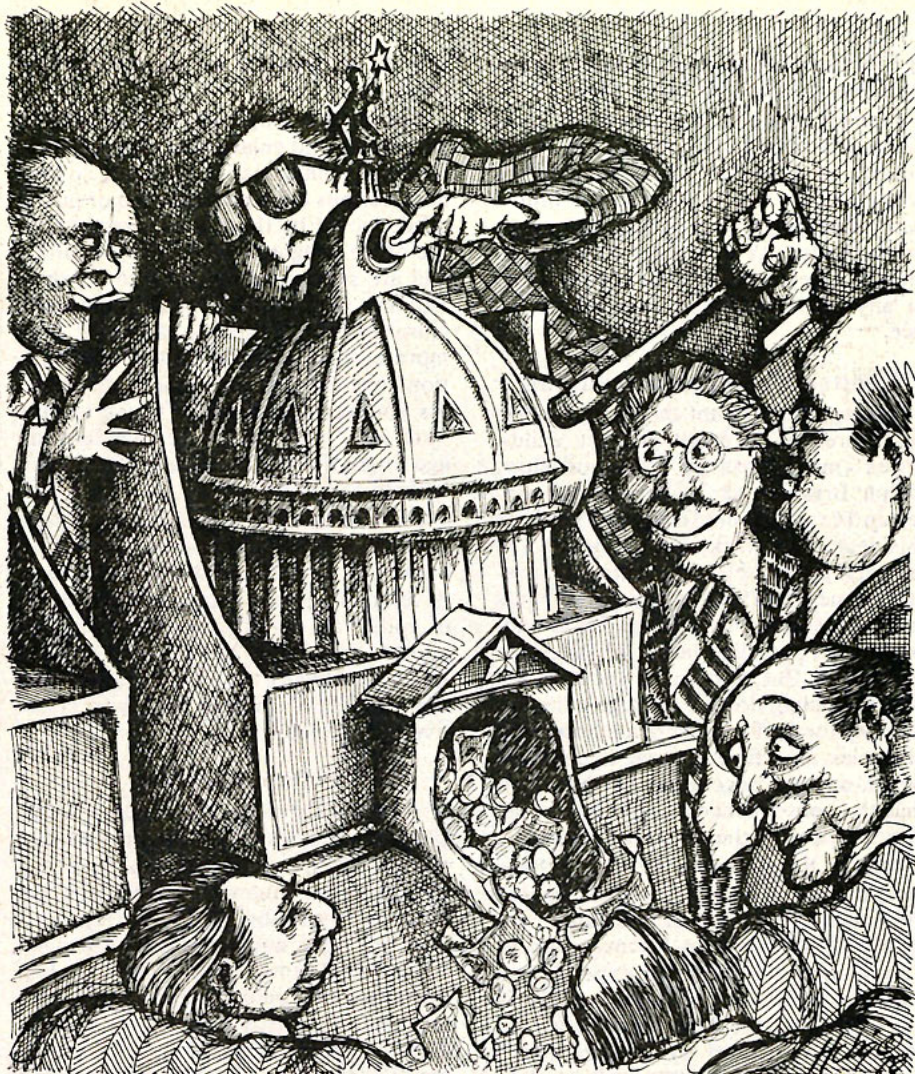
The popular wisdom of electioneering reflects this view. Politicians are fond of repeating the adage that "money is the mother's milk of politics," and some, like former GOP state chairman and national committeeman Peter O'Donnell Jr. of Dallas, invoke their favorite adaptation of Biblical quotations: "In the beginning was the Word, and the Word was money." O'Donnell's candid advice to prospective candidates over the years has been, "If you don't have the money or a reasonable expectation of raising it, then you're probably better off not to run."

The need to spend

Candidates don't spend a lot of money running for office because they want to. They spend it because they *have* to, if they expect to win.

A campaign is a communication process, and communication has become a highly specialized and very expensive business. To get their messages across to voters, candidates ordinarily use a mixture of several media, none of which comes cheaply. Inflation has hit campaigns as hard as, or harder than, any other activity in the country. In the last three years, for example, there has been a 50 percent increase in postal rates and a 33 percent increase in the price of a 30-second TV spot.

The impact on campaigns is significant. To illustrate, Texas has approximately 6 million registered voters, and a single first-class mailing to the 3.75 million households represented by those voters would cost \$562,500 in postage alone—not to mention the cost of letterheads, envelopes, inserts (brochures or



newspaper reprints, for example) or processing. A 30-second television ad broadcast *just once* during a highly-rated, prime-time program costs \$5,000 in Houston and \$1,000 in San Antonio. Travel costs have increased dramatically, whether measured by the price of gasoline or the price of accommodations in hotels and motels. Printing, polling, staff salaries, telephones—all aspects of campaigning have skyrocketed in price.

No matter the size of the district or the importance of the office sought, the cost of campaigning is high—at least if the race is seriously contested. Whether the prize is the governorship, a seat in Congress, a county judgeship or a state legislative post, candidates normally will not be competitive unless they can spend a lot of money.

Bill Clements's spending

"Did Bill Clements buy the election?"

This question has been asked again and again since Clements's upset victory over John Hill in last November's gubernatorial contest. The quick answer is "no." What he *did* buy was the means of communication with the electorate, and without that communication, he almost certainly would not have won.

By the time all bills have been paid, Clements will have spent over \$7 million

for this and related campaign costs. That's a staggering sum of money, far more than ever before spent in a state campaign. Clements made it clear from the moment he announced his candidacy that he would spend whatever was necessary to put his message before the voters. In the beginning, he spoke in terms of \$3 million, "\$4 million if necessary," but the realities of campaigning soon made these early estimates inadequate.

But Clements wasn't the only big spender. John Hill, his Democratic opponent, spent about \$3.5 million. That's markedly less than Clements spent, for sure, but it's an amount Hill and his advisers deemed sufficient. As one Hill intimate said, "If we thought we needed more, we would have spent it. The money would have been available. We did everything we thought we needed to win."

Clements's need to spend was far greater than Hill's. Hill, after all, had invested several million dollars in previous campaigns for statewide office, dating from his first campaign for governor 11 years ago, which gave him a substantial head start on Clements in the basic "name-identification" game. Furthermore, Hill's six-year tenure in the attorney general's office had provided him with a forum for extensive news cover-

age throughout the state, valuable exposure that did not cost him a dime.

Clements, in contrast, began his campaign as a virtual unknown to the Texas voter. For Clements to be competitive with Hill, he *had* to outspend him—particularly in a state which had never once, under its current constitution, elected a Republican to the governorship or any other statewide, non-federal office.

Limits on campaign spending

Taking into account the campaign expenditures of defeated primary candidates (most notably those of Gov. Dolph Briscoe), the gubernatorial contest in Texas cost in excess of \$13 million this year. That works out to about \$5.70 for each general election voter. As a result, some observers of and participants in Texas politics have called for the imposition of spending limits on statewide campaigns. But, despite the gut-level appeal of holding down campaign expenditures by force of law, there are important obstacles. The first of these is constitutional, and the second is the likelihood that the consequences would defeat the very purpose of the supposed reform.

The U.S. Supreme Court in 1976 struck down a federal law that limited the amount of money a candidate or his family could spend in his own behalf. The opinion did not cover expenditures made by campaign committees, but it is not likely that the high court would let stand a two-tiered system in which wealthy individuals were unlimited in what they could spend while campaign committees organized to support candidates of average means *were* limited.

Even if expenditure limitations could pass constitutional muster, the consequences of spending limits should trouble careful observers of the political system. The most immediate effect would be to strengthen the already heavy advantage of incumbency. Voters rarely elect someone they haven't heard of or know little about, and incumbents have a significant advantage over challengers by virtue of their ability to command the attention of the news media. Most incumbents become adept at maximizing free media exposure, and in many communities the media pander to them, publicizing inconsequential "accomplishments" and ignoring failures or unpopular votes or policy stands.

Another likely consequence of limiting campaign expenditures would be to perpetuate the status of minority parties in one-party states. In Texas that means Republicans would be even further disadvantaged in their competition with the dominant Democrats. A minority party has to overcome the heavy burden of historical voting patterns, and its candidates are often total unknowns who have never before held or sought elective office. Extra campaign spending is neces-

sary to compensate for these disadvantages.

Spending ceilings would also tend to perpetuate and enlarge the class of "professional politicians." Even more so than now, serious contenders for major public office would be those who already hold the office sought or who hold one office and are seeking to move on to another. Holding public office would come still closer to being a lifetime career for even more elected officials. In a recent election, one 30-year incumbent chastised his younger opponent for trying to take "my job," solid evidence that he long ago forgot that it's the *people's* job which he held as trustee.

Constraints on expenditures might also add impetus to the trend toward recruitment of men and women who have developed familiar names in other fields of endeavor, notably entertainment and sports. Candidate recruitment would focus more than ever on fame rather than the candidate's ability to serve effectively if elected.

Campaign waste

Some critics of Texas campaigns complain that a lot of money is simply wasted. That is undoubtedly true. Although major statewide campaigns are now multi-million dollar enterprises, they are often managed as if they were nickel-and-dime operations. Better management could produce more efficient and less costly campaigns. A prominent campaign manager said, "I'm willing to admit that as much as half of what we spent was wasted." But he added: "The only problem is, I don't know which half."

Alternatives to spending limitations

The argument for imposing spending limits on campaigns has its superficial attractions, but it suffers from a significant flaw: it ignores the reality of the candidate's need to spend. Reformers should attack the problem at its source by finding ways to reduce the need to spend and by helping candidates raise what they need without having to rely upon a small number of large contributors.

One small step forward could be made merely by shortening the campaign period. The filing deadline now falls in the first week of February, and the primary comes in the first week of May. Both dates should be moved closer to November to eliminate the need to maintain campaign staffs and organizations for so long a period. Few Texans remember that primary elections were customarily held in late summer until then-U.S. Sen. Lyndon Johnson commanded the Legislature to change the date in an effort to bolster his 1960 presidential campaign. That Johnson legacy no longer serves anyone well, especially with the Republican Party's emergence

as a factor of importance in the general election.

Other approaches to the spending problem include making time on broadcast media available to candidates without charge and making available a limited free mailing privilege. But between the idea and the operational fact come several awkward questions, such as: how do you decide who is eligible for such aid?

The best way to help candidates raise money without having to rely upon a few big contributors is to expand the income tax credit an individual can receive for making a campaign contribution. A dollar-for-dollar credit (rather than the current credit of 50 cents on the dollar) would make broadly-based fundraising much easier, as would raising the maximum credit allowed.

The clear advantage of the tax incentive is that it leaves the burden of raising money on the candidate and leaves the choice of contributing with the taxpayer-voter. Problems of determining who is and who is not a "legitimate" candidate and what is and what is not a "qualified" political party are entirely avoided, and the expense and hazard of government intrusion in the competition between candidates are by-passed.

Implications for the democratic system

Money is a dominant factor in American elective politics. Some people would say "the" dominant factor. Although candidates clearly need substantial amounts of money to reach the voters, that need carries disturbing implications for our democratic system.

Makers of public policy must guarantee that sufficient resources are available to allow campaigns to be waged competitively regardless of incumbency or party affiliation. And opportunities should be provided for would-be candidates to have their chances for success determined by their ability to serve in office with distinction and integrity rather than by their bankroll.

This is not to say that there could or should be no place at all for fundraising in electoral politics. But neither should able competitors for public office be kept out of contention just because they cannot raise enough money to pay the high price of being competitive. The challenge for policy-makers will be to devise a solution that reduces the need of candidates to spend, and makes it easier for them to raise what they need, without presenting other barriers to the entry of competent candidates into the political arena. □

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Observer interview:

Billy Goldberg

Before last November's election, Billy Goldberg—who's been chairman of the State Democratic Executive Committee since September—was only somewhat concerned about the \$7 million-plus spending spree by Republican Bill Clements in his gubernatorial race against Goldberg's man, Democrat John Hill. But, having absorbed the shock of the surprising victory Clements contrived, Goldberg now has a keener interest in campaign spending limits and such. So last month, as Clements was planning parties to pay off his campaign debt, we talked with Goldberg about his current views on campaign finance. —Eds.

OBSERVER: What did you learn from that election?

BILLY GOLDBERG: I always knew that having money was important in politics, but I had not anticipated that even with [\$7 million, Clements] could make up the difference in experience between the two candidates. One of the things we learned is that probably the most effective money Clements spent was not the visible money, not the media [expenditures]. There were two things that I'd say really had the greatest effect. [One was] his extensive use of telephone banks, which produced a turnout of [voters] who had previously been [found] to favor his candidacy maybe two and a half times as high as the turnout in our traditionally Democratic precincts. The other method was mailings, to religious [and similar] groups, of publications that were quite defamatory in some cases. They were mailed extensively, especially to rural areas. Frankly, what he did is, he took his campaign statewide, he took his money statewide. This was not the case with Republicans in the past.

OBSERVER: So it's not just the amount of money, but the use he made of it?

GOLDBERG: Well, both. Whatever [campaign idea] they thought of that might have some effect, there was always money there to do it. Most of the time, candidates have to balance off competing demands on their budgets, but I can't find that he ever budgeted or set any financial restraint at all on his staff. The theory just seemed to be: spend whatever you think will be helpful.

OBSERVER: With that election over, you seem to have looked at the campaign spending question again, and now you're talking about spending limits.

GOLDBERG: [This election] indicates that if you spend enough money, it's possible to win any race. In a democratic society, it should be possible for any per-

son to seek public office and start with an opportunity to win, [but such] massive expenditures make a statewide race out of the question for the great majority. But it's not an easy problem to solve.

OBSERVER: What do we do about it?

GOLDBERG: Frankly, I don't have a panacea. As a matter of public policy, I think it's something that ought to be studied. The federal government has studied it and come up with a limitation on the amount one individual can contribute. That's one solution. However, I understand that the Supreme Court of the United States has held that you can't limit the candidate himself.

OBSERVER: Right.

GOLDBERG: Which really raises the crux of the [problem in] this particular situation. We have some laws that require disclosing who [campaign contributors] are [so that voters], before they go to the polls, can see who's contributing what sums of money to which candidate. But this time, apparently about two-thirds of the money was in the form of loans to Clements himself, and now he's out raising the funds after the election. It may not violate the letter of the law, but it certainly does the spirit of it. If you carry that to its logical conclusion, a [candidate with] the financial capacity wouldn't have to have any contributions before the election. The public record would show that no one had contributed to his campaign, but then, after the election, he would go out and raise money to pay off the debt.

OBSERVER: It's a lot easier to raise money from the governor's mansion, of course. Do you think the Legislature ought to prevent this loan technique?

GOLDBERG: I think it certainly should. He is not the first one to have a campaign debt—I'm not saying that we should not allow any debt. But I think the percentage of debt that a candidate should be able to create with his own credit in comparison to the funds that are contributed ought to be a reasonable percentage and certainly shouldn't be two-thirds or a half of the whole ball of wax.

OBSERVER: You've talked of a need to consider some spending limits. What about public financing, which we have in some federal races?

GOLDBERG: Well, I really don't have a fixed opinion. I'm inclined to believe that private campaign contributions are part of our American system. Rather than use taxpayers' funds that are badly needed for other things, I would like to see a limitation on the size of contributions, but permit them. That's a personal feel-

ing. [The Democratic] Party has not taken a position on public financing.

OBSERVER: Some of the Republicans are now talking about tax exemptions for campaign contributions. What do you think of that?

GOLDBERG: That doesn't do very much. It's an added incentive, but I think probably if we permitted substantial campaign contributions to be [deducted], it might lessen the contributions that our charities and health agencies and educational institutions receive. I kind of believe that should not be.

OBSERVER: Isn't there also the problem that a tax exemption would primarily benefit upper-middle-class and rich people? Lower- and middle-income people, who are a majority in the Democratic Party, don't itemize their tax deductions.

GOLDBERG: Well, yes. All exemptions, all deductions, amount to more for the guy who pays the most taxes.

OBSERVER: Let me shift a moment to political action committees. We found that corporate PACs in Texas this year gave \$20 million to our campaigns—an unparalleled amount [*Obs.*, Dec. 1, 1978]. Does the growth of PACs, and particularly the heavy corporate giving, alarm you?

GOLDBERG: No, that doesn't alarm me. The more people that will participate in politics, the better a government we will have. And one thing about the PAC contribution is that it pretty well indicates the [interests] of the contributor. I don't want to restrict political activity. I think we need more of it. Now, we may want to have some limitation on the amount that a PAC can give to any one candidate.

OBSERVER: What about providing free or reduced-cost television ads?

GOLDBERG: Well, I just don't think the government can impose on an industry the obligation to sell its product below the market price. I think it would be a mistake for our government to start

(Continued on page 22)

Dan Cook



Political Intelligence

Billy takes the low road

• While West Texas rancher-businessman Billy Clayton is generally conceded to be a good ol' boy personally (the kind of guy who'll pull your pickup out of a ditch, says one fellow legislator), as speaker of the House, Mr. Nice Guy he ain't. Two legislative sessions back, when representatives faced a choice between Clayton and several moderates running for speaker, most said of Clayton: "Well, we know he's conservative, but at least he'll be fair."

Sic transit fair. Assured of election to an unprecedented third term at the House helm, Clayton flexed all the muscle he's built up in the last four years, putting a right-wing hammerlock on this Legislature. Progressives, chicanos, blacks, and urban lawmakers, who were given fair-to-middling committee assignments in the 64th and 65th sessions, when Clayton was less secure, were flat-out busted by the speaker in the opening days of the 66th. They've largely been scattered to lonely outposts in the committee system, where they'll do little harm to the legislative package that Clayton and the business lobby are pushing. Clayton has stacked the committees in such a way that the House leadership is more reactionary than it's been since the star-crossed reign of Gus Mutscher, back in '71, and there's nothing anyone can do about it.

Not that some didn't try. A small band of moderates, progressives and members generally miffed with Clayton's growing arrogance, tried to rally support for a few procedural reforms that would at least curb the speaker's worst impulses. But they were doomed from the start—Clayton's grip on the controls is so tight that he can make a session miserable for members he doesn't like, and few had it in them to incur his wrath, especially since he had made it clear that he was making a list and checking it twice.

The first charge at the speaker was made on opening day when Republican Bob Close of Perryton moved that the vote for speaker be taken by secret ballot, thus allowing members to "vote their conscience," as Close put it, without fear of reprisal. Clayton's so-called "team players" leaped to the incumbent's defense, charging that such a practice would promote secrecy in government. (The use of secret ballots in speaker elections is a tradition that has been abandoned only twice before in the 132-year history of the Texas House, once in 1972 when Rayford Price was elected and again in Clayton's election in '75.) The secret ballot idea was drubbed, getting

only 35 votes from the 150-member body.

Then came the actual vote for speaker. Clayton was unopposed, but eight hardy souls stood in the cold against him: Dallas Reps. John Bryant and Paul Ragsdale, El Paso Reps. Ron Coleman, Luther Jones and Paul Moreno, Tyler Rep. Bill Clark, Diboll Rep. Buddy Temple, and Houston Rep. John Whitmire.

The second day of the session saw the same lopsided results in the House, as several Sam Houston Caucus-inspired rules changes dealing with seniority, committee assignments and calendars committee reforms were brushed aside, getting a high of only 60 votes. Clayton's own rules package then passed by 125 votes to 8, prompting Sam Houston Caucus member Dave Allred of Wichita Falls to ask, "Did you get the number on that truck?" The speaker also easily weathered a move to open up his office accounts to the entire House; Clayton lieutenants said such a move might "embarrass" the speaker.

A cocky Clayton later scoffed at the efforts to restrain him: "I haven't really paid that much attention to it all," he told *Dallas Times Herald* reporter Robert Garrett. He has even taken to referring to himself as "we," in the manner of kings. And when John Wilson of La Grange had the temerity to announce that he would be a candidate for speaker two years from now, Clayton came down on him hard, rushing forward with the startling declaration that not only did he intend to run for a fourth term (which would make eight years of Billy), but also that he had already collected pledges of support from 90 members, 14 more than needed to win. Furthermore, Clayton claimed that he would have ten more pledges within the next 24 hours.

This little maneuver was heavy-handed enough, but Clayton was not through toying with the mavericks. He was withholding any announcement of committee assignments, he said, even though he had had since last November to make up his mind. Many members were furious at this bald ploy and openly charged that Clayton was extorting pledges for a fourth term by withholding

choice committee assignments until a promise of support was made. "We've got a Mutscher situation here," said Jones. "Clayton can be speaker for the rest of his life. Under the open ballot system, members are so easy to intimidate. It's the worst thing I've ever seen." Jones and Whitmire said Clayton's actions were "a violation of the spirit of the Speaker's Race Bribery Act."

Things were only made worse when Clayton finally announced his choices for committees. Urban members were plenty upset that none of their number won chairmanships on three of the most important committees in the House. Leaders of the Mexican-American caucus pointed out that no chicano was named to chair any committee. And while there are technically two black and two women heads of committee, Austin Rep. Wilhelmina Delco fills two of those four slots, since she fits both "black" and "woman" categories. And to rub it all in, Clayton named four Republicans to chairmanships.

The committee that will be laying the groundwork for redistricting (just one session away)—the regions, compacts and districts panel—was purged of urban liberals and turned into a rural, conservative bastion, with Clayton trusty Tim Von Dohlen of Goliad replacing San Antonian Ron Bird as chairman, and speaker's men such as Buck Florence of Hughes Springs replacing the likes of Lance Lalor of Houston. The only progressive who held on was Paul Ragsdale of Dallas, but of course his will now be a lone voice.

A final insult to the reformers in the House is the lingering presence of Jack Gullahorn, Clayton's hit-man during the 65th session. When the Sam Houston Caucus was at its peak in last summer's special session, its members demanded that Clayton get rid of Gullahorn. Whether because of this pressure or not, Gullahorn did leave the speaker's staff and is serving as a lobbyist this session for the firecracker industry and others. Yet some legislators charge that Gullahorn was soliciting pledges for Clayton's fourth-term ambition and that he worked on the committee assignments.

—Vicki Vaughan

Helping hands

• The *Austin American-Statesman* is fast becoming one of the chief talent pools for Governor Clements's new administration. Business editor David Frink and amusements chief Patrick Taggart helped put together a slick inaugural souvenir program sold to GOP

throns for \$10 a shot. And political editor Jon Ford has signed on as the Republican governor's press secretary. Before his stint with the *American-Statesman*, Ford covered political goings-on for the *San Antonio Express* and was Gov. Price Daniel's press secretary in the early 1960s.

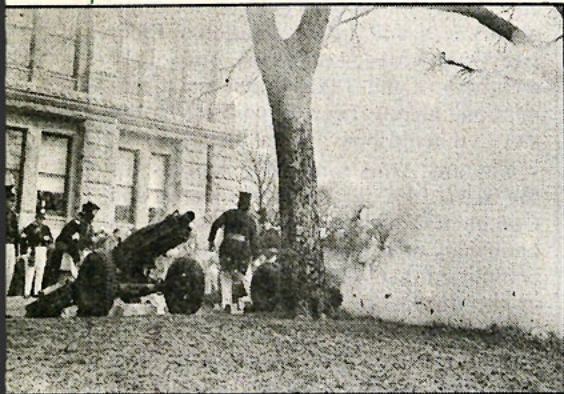
Putting on the ritz

● Bill Clements's inaugural gala was billed as "a day for all Texans," but, let's be fair, it was really the Republicans' day. They waited 105 years to have a parade, and they seemed to enjoy it thoroughly.

Oh, there were some little pauses, as when some of the minked, coifed and bejeweled matrons among them came out of the barbecue line at the Capitol grounds and realized there was no place for them to sit but the damp ground. Fur coats generally had a hard time—the rack at the Sheraton Hotel gave way under the strain of its expensive load, dumping dozens of minks on the floor. Then there was the lady who confronted a long-haired male photographer, demanding to know why he didn't cut it off; he murmured something about liking it long, and she declared, "Well my son's got short hair and I bet he makes more money than you." But this was all sideline stuff and didn't detract from the general merriment.

No one was giddier than Clements himself, who couldn't repress a boyish giggle at the end of his swearing-in. At least he took the oath with his right hand raised, which is more than Democrat Bill Hobby could manage when he was called on to be sworn in as lieutenant governor.

Bob Clare



Alan Pogue

(Hobby's defenders claim that it was a deliberate move, that the southpaw was making a silent but powerful statement about discrimination against left-handers, something akin to the raised, clenched fists of black athletes at the '68 Olympics.) Republican Clements and Democrat Hobby proceeded to deliver speeches so similar in content that they could have switched and none would have been the wiser.

Republicans have always had a weakness for things military, and with an honoree who has been a deputy defense secretary, it is not surprising that there was a substantial show of arms on this inaugural day. First was the 19-gun salute, fired not with mere guns, but with an old cannon that gave out a god-awful noise 19 times in quick succession, causing strong men with hangovers to weep. There was much saber-rattling by an aggie group called the Ross Volunteers. And, in the parade, there were several contingents of soldiers, paramilitary groups, and what appeared to be a bunch of freelance marauders, dressed up in buckskin costumes and firing off muzzle-loading rifles. Great fun.

The feature of the parade up Congress Avenue was, of course, Clements himself, borne along in a white Cadillac con-

vertible and surrounded by an all-white honor guard of A&M cadets, dressed in white. Come to think of it, there were not many black and brown faces either in the parade or watching it. Black voters accounted for only 1 percent and chicanos for only about 3 percent of Clements's 1.3 million votes last fall, and the governor seemed to be allocating them a commensurate role in his gala days (unless, of course, you count the city of Austin's sanitation crews that were assigned to follow the horses in the parade and scoop up the messes).

But that's a downbeat digression, and this was an upbeat day. The parade really had a little of everything in it and was a kick to watch. Judging by crowd response, the favorite entry was the eight Clydesdale horses pulling a Budweiser beer wagon. A knot of malcontents along the route grumbled that a national brewer should not be highlighted over our own beer companies and that at least Clements could have ordered up some Shiner Shetlands or something, but these people looked to be Democrats. Costume-of-the-day honors went to Lt. Gov. Bill Hobby, who rode in a horse-drawn carriage and looked as though his mommy had dressed him—he wore a gray frock coat, ascot and high hat.

On the program

● Like most other political types in Austin, the establishment lobbies were caught leaning the wrong way last November when Governor Clements scored his narrow victory over John Hill, but they made a fast, smooth somersault and now seem to have landed on their feet at the right hand of the new man.

If there was any doubt that the business lobby would successfully embrace Clements as its own, it was laid to rest by the publication of the Republican's inau-

gural booklet and evening program. The program listed 20 hosts for the inaugural evening, a fourth of whom are corporate lobbyists: Gaylord Armstrong of Exxon *et al.*, Dean Davis for various health industry clients, Robert Duke of the Association of Consumer Finance Companies, Mark Hanna of the realtors and William King from the Gulf Oil lobby. They even got in on the parade—Gene Fondren, who lobbies for the Texas Automobile Dealers Association, was co-chair of Clements's parade committee.

Such demonstrations of support are

one thing, but it's money that talks, and the corporate interests chipped in plenty to print the official inaugural booklet. This is a snazzy, 28-page production, 12 pages of which are given over to ads sold for \$2,500 each, or \$15,000 per page. All of the ad space was taken by large corporations and trade associations that want something from state government this year. Bankholding companies were the big spenders on this item (the four largest in Texas took out full-page ads), followed by oil firms, utilities, savings and loans and insurance companies.

"SHHHHHH!"

Don't spread it around!

We're not telling everybody... but if you're the kind of person who's looking for a plush, sophisticated place to have a tall drink after a fast day... intimate music in the background so you can talk... or just listen, and a location in the heart of downtown... Stephen's just may be what you're looking for. Stephen's Keep it to yourself.

STEPHEN'S

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P. I.

Shower shoes?

● Declaring that he intends to be a "political force in this state for the next four to eight years," agriculture commissioner Reagan Brown went on a sudden tear the first week of the new year. He fired two employees for mishandling public funds, secured the retirement of six other department executives who Brown said "were just wandering around the halls, doing nothing," returned \$800,000 in unspent appropriations from 1978, took a potshot at his predecessor in office, and warned all department staffers that any of them showing up for work wearing "shower shoes" would be summarily dismissed.

Brown, who regularly is garbed in the blackest suits and whitest shirts you're ever going to see outside a funeral home, says that former agriculture commissioner John White is a friend of his, but they differ on administrative philosophies—"I believe in hard work," Brown offered. "We don't play much golf and we dress with a tie and suit," he added.

Service with a smile

● Not only do lobbyists tinker with government from the outside, but some of them have found their way inside. Don Adams, for example, when he's not doing business for such accounts as Monsanto, Texas Association of Business, and the Association of Electric Companies, serves as one of 12 members of the Texas Industrial Commission, having been appointed to the slot by his old boss, Dolph Briscoe.

Gaylord Armstrong, who lobbies for the likes of Exxon, General Electric and Continental Airlines, also does duty as chairman of a state commission subcommittee that will recommend changes in the disclosure sections of our campaign finance law.

Two Houston lawyer-lobbyists have just been named to the Texas Film Commission: Dean Cobb, who represents Brown & Root, Entex, Houston Natural Gas and other firms, and Frank Calhoun, who lobbies for Texas Commerce Bancshares, El Paso Natural Gas, and other corporate clients.

Sharkskinners

● To commemorate the successful fight he led against loanshark legislation in the 1977 Legislature, Sen. Bill Patman is presenting aides who helped out with appropriate souvenirs—sharkskin wallets, custom-made in Yoakum, Texas.

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Unfair to whom?

• Dozens of corporate lobbyists are lined up this session to weaken the Texas Deceptive Trade Practices Act, one of the strongest pieces of pro-consumer legislation on the books, and to the surprise of consumer advocates, the companies have come up with some progressive allies. One is El Paso Rep. Luther Jones, who voted for the act in 1973, but now says he believes the law is "unfair." He has introduced HB 311 to remove the automatic triple-damages provision of the act for all judgments over \$500 and leave the settlement amount to the discretion of the judge and jury. Jones says he's concerned about the effect of the act upon small business operators—especially minority businessmen with little capital and inadequate insurance—who could be put out of business by a triple-damage suit.

Jones says his bill is not the lobby's bill—"they'll pass theirs; mine probably won't make it"—but he never considered limiting the bill to provide some relief for small business only. Under HB 311, Sears Roebuck will be afforded the same relief as, say, Tony's Tortilla Factory.

"I want them all to benefit," Jones says. "The law as it is produces shakedown lawsuits. A small claim can become a large claim; the law encourages nuisance settlements."

—Vicki Vaughan

Something good

• Newly elected Sen. Bob Vale of San Antonio has introduced legislation this session to remove the sales tax from solar and other alternative energy devices, thus giving official state sanction to the idea that we might try other energy sources in Texas besides oil and gas, plus giving a needed boost to our fledgling solar industry. Vale's bill is the follow-up to last fall's Proposition 4—a constitutional amendment that authorized the Legislature to exempt these devices from state taxation. Vale, then a member of the House, was sponsor in 1977 of legislation that led to Proposition 4, which was overwhelmingly approved by the voters in November.

A companion bill to Vale's is being introduced in the House by Rep. Paul Elizondo of San Antonio, and—for a change—the chances of passing such a progressive and important measure in both houses look good. For more information, contact Sen. Bob Vale, 409 Capitol Building, Austin 78711.

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Limiting Corporate Power*

Part II

By Samuel M. Loescher
Professor of Economics
Indiana University — Bloomington

Why do I suggest that a progressive corporate value added tax would be markedly superior to a progressive corporate sales tax, progressive corporate assets tax, or a progressive corporate income tax?⁹ First, value added is an unbiased, yet fully inclusive, measure of the scope of concentrated direction of activity taking place in any corporation. The full service values of both labor and capital are captured without misleadingly overstating relative size (and relative tax liability) in the instance of the sales of less vertically integrated corporations. Second, value added, unlike assets or net income, is not amenable to accounting manipulation, directed at minimizing a size tax obligation. Third, no disincentive is provided by a progressive corporate value added tax relative to a progressive corporate income tax for such highly profitable emerging Polaroids, Xeroxes, or Amands long before they reach the top 100, while no escape is provided for such profitless stumbling giants as Penn Central, Lockheed, or A&P.

Political pluralism is a dimension of freedom and democracy no more amenable to simple quantitative benefit analysis than is justice. (Indeed discussion is better treated in terms of reducing both centralism and injustice.) So Congress, rather than a regulatory agency, must evaluate the beneficial value of corporate spin-offs (the proxy for pluralistic quality) relative to the trade-off in reduced efficiency in measured goods and services. Hence, Congress must set the schedule of charges.

Better yet, Congress would establish a time frame in which both (1) the value added level of corporations was reduced at which a positive marginal tax rate took effect and (2) the marginal tax rate was increased at specific value added levels. Gradual stiffening of both bites in the rate would give Congress an opportunity to estimate empirically the quantum of efficiency which was actually being traded off as our nation sought to enhance its social-political environment.

Suppose Congress had established a progressive value added tax schedule in 1975, beginning at 0.5 percent for \$1 billion of value added and with the marginal rate rising an additional 0.5 percent for each additional \$1 billion. A 5 percent marginal rate would have been reached at \$11 billion of value added and 10 percent marginal rate at \$21 billion of value added. On the basis of data from *Compustat* tapes, plus a few heroic estimates in labor costs, I find that in 1975 about 100 corporations from all areas of business—manufacturing, utilities, transportation, and retail—were found to have generated \$1 billion or more of value added. Substantially over half generated

value added between \$1 billion and \$2 billion. The nation's top ten were found (with an occasional assist from estimating procedures) to rank accordingly:

Fortune 500 Industrial Comparisons*

Corporation	value added	sales	assets	net income
1. AT&T	\$27	—	—	—
2. General Motors	17	\$47	\$24	\$2.9
3. Exxon	16	48	36	2.6
4. IBM	13	16	18	1.8
5. Ford	10	29	16	1.0
6. Mobil	10	26	19	0.9
7. General Electric	9	16	12	0.9
8. ITT	5	12	11	0.5
9. Standard Oil (Indiana)	5	12	11	0.9
10. Texaco	4	26	18	0.9

*in billions

I assume that corporate managements will be motivated to maximize profits for their shareholders, if only for fear that takeover corporate raiders will bid to replace management, if managements fail to optimize spin-off policy, so as to maximize the aggregate of stockholder after-tax profit, with or without spin-offs. (I also assume that utility regulators will push, where appropriate, deconcentration in the interest of consumers, much as utilities were induced to seek treble damage recovery from their supplying electrical equipment conspirators one decade ago. Given the low price elasticity of demand for the services of most natural monopolies, our AT&Ts and American Electric Powers might otherwise resist spin-offs, irrespective of the cost-effectiveness of holding companies in an environment of progressive corporate value added taxes.) In non-regulated industries, I assume that managements will (almost) routinely forego incremental size consolidation whenever the incremental private advantage (for reasons of both true efficiency and mere pecuniary benefits) will reduce profits (after value added taxes) for its stockholders below the aggregate profits (after lower value added taxes) of the collection of parent and sired spin-off corporations.

Where profit maximizing turns against the spin-off, management can be expected in the long run to pass along most of the incremental tax to consumers.¹⁰ But if narrowly defined material efficiency does dictate the retention of superconcentrated corporate organizations in some instances, it is fitting that consumers pay the full costs for that corporate production which entails socio-political environmental degradation. Indeed, any degree of price elasticity in consumer demand for the corporation's products will induce consumers to engage in some inter-industry substitution—thus indirectly adding at least some weak check on corporate giantism.

Four sets of consideration concerning tax incentives for corporate limitism remain for discussion: (1) some housekeeping provisions to prevent erosion of an effective corporate value added tax; (2) some answers to anticipated allegations of short-sightedness concerning the consequence to deterring "over-size"; (3) some constituency-building, potentially inherent among business, in support of a progressive corporate value added tax; (4) some reasons as to why merely "limited" corporate limitism can co-opt the "free rider" to renew the political climate, so as to better countervail misused corporate power.

(1) Corporations must be prevented from masking their control over economic activity by creating subsidiaries and joint ventures. Corporations which own 5 percent or more in the stock

* A paper presented at a Joint Meeting of the American Economics Association and the Association for Evolutionary Economics, Allied Social Sciences Association Annual Convention, Chicago, Illinois, August 30, 1978.

of another corporation can be directed to include the entire value added of the held with the value added of the holding corporation, for purposes of calculating the corporate value added tax liability. If two or more corporations each own at least 5 percent of the stock of a third corporation, such holding corporations will each be assessed the total value added of stockheld corporations in the ratio of the shares held by these holding corporations relative to each other. Such a rule for jointly-holding corporations necessarily covers joint ventures.

The value added by foreign-located divisions of American multi-nationals would be fully included in the value total of the American parents for purposes of calculating total size and the value added tax obligation.

To minimize objections that the progressive corporate value added tax discriminatorily favors foreign producers, foreign exporters to the United States would be required to pay an excise tax equal to the highest marginal value added tax rate paid by any American corporate giant, unless the foreign exporter guarantees full disclosure of its own total value added. Given full disclosure, the foreign exporter, if sufficiently large, would be taxed upon the unit value added of its exported goods to the United States, the American marginal tax rate appropriate to its total value added everywhere.

(2) Many economists have suggested that deterrents to growth in corporate size would deter management from striving for product innovations, process innovations, or capacity expansions into fields in which a relative shortage is forecast.¹² Nothing in the flexible variety of corporate limitism discussed in this paper, however, deters managements from spinning-off to stockholders either old or new divisions following successful expansions. Perhaps expansions for corporate empires would be deterred incrementally by a marginal tax in size, but not expansions accompanied by offsetting divisional spin-offs.

Stockholders can benefit every bit as much from spin-offs of either mature or infant divisions as from consolidated growth. Indeed, once spin-offs become common, one can predict that *Moody's*, *Standard & Poor*, *Value Line*, and other investor services will regularly publish calculated growth in earnings, dividends, and stock market values of parent corporations to reflect the progress of their emancipated daughters. Managements of corporations which successfully benefit stockholders with spun-off units whose market prices and dividends grow bountifully will be applauded as much as those of managements of corporations of comparable aggregate growth which "hold it all together." Indeed, the *Fortune 500*, *Forbes*, and other vanity lists which rank corporate size by sales, assets, and other dimensions will also begin to embrace a corporation's progeny in ranking size.

9. See Julian L. Simon, "Antitrust and the 'Size' Problem: The 'Graduated' Corporate Income Tax as an Anti-Bigness Device," *Antitrust Law and Economic Review*, Vol. 6, Winter 1972-73, pp. 53-66.

10. I assume that the supply elasticities of its hired resources are great.

11. It is fitting that consumers pay the full social costs of effluent damage, as reflected by effluent fees, for those products for which economical alternative processes are not available to save on the waste receptor services of air and water.

12. See Robin Maris, "Is the Corporate Economy a Corporate State?" *American Economic Review*, May 1972, pp. 103-115, and "The Present State of Capitalism," *The New Republic*, May 21, 1977, pp. 39-41.

13. See Charles E. Lindblom, *op. cit.*, pp. 193-200.

14. See Henry C. Simons, *Economic Policy for a Free Society*, 1945. Simons, moreover, was severely critical and fearful of the market power

If natural parents, out of mere pride, can be counted upon to invest richly in the human capital of their natural (or adopted) children prior to their fleeing the family nest (of controls), why cannot corporate managers be counted upon to "glow" through the progress of their voluntarily divested children—particularly when both investment services for stockholders and empire rankings for egos can be counted upon to herald such fecundity.

Three substantially alleged "myopias" must be briefly touched upon: (1) episodic national adventures of super-size and super-risk, (2) labor unions, and (3) conglomerate-biased spin-offs.

How will occasional super-size and super-risky experimental ventures be undertaken if corporations of the size of AT&T, General Motors, Exxon, and IBM are tax-induced to dismantle themselves and their correlative deep pocket and staying power? An answer is that the Federal Trade Commission could readily be empowered to authorize temporary exemptions from application of the corporate value added tax for consortia arranged for the development of new Comsats or Dew Lines. When the new ventures have fully proved their viability, the exemption of the consortia from the corporate value added tax could be suspended, so as to induce a spin-off of the venture to stockholders of the joint parents.

How can limiting corporate power be considered without concurrent explorations for limits to union power? Two brief responses can be made. First, the social and political power of corporations greatly overshadows that of labor unions.¹³ Second, it may be true that the market power possessed by labor unions seriously impedes the maintenance of full employment, yet can we seriously hope, politically, to place some limits upon, or alternatively to effect some countervailance to, labor's market power until some progress is realized in decentralizing our giant corporations.¹⁴

Will not giant corporations that are tax-induced to spin-off one or more components reorganize themselves in ways that will minimize the creation of new direct competition, and thus hobble so far as possible the emergence of serious potential competition? The answer is "yes," but then the question is irrelevant for this paper. For tax-induced decentralization of corporate giantism is explicitly designed to reduce solely concentrations of corporate social and political power. Any contribution to reducing market power is solely incidental¹⁵—and a windfall. (Conversely, reciprocally tilted consequences flow from those (rare) dissolutions achieved under the antitrust laws. Consider, for example, corporate size in the Pullman and Motion Picture dissolutions.) Society must, indeed, continue to rely exclusively upon the antitrust laws for any substantial success in reducing market power.

of labor unions. See his, "Some Reflections on Syndicalism," in *Ibid.*, pp. 121-159.

15. The very size of the automobile market, itself, is so large, and General Motors' market share of that market is so great, that tax-induced spin-offs by General Motors may well include some automotive division, as well as truck, bus, diesel locomotive, and household appliance divisions.

Professor Samuel M. Loescher requests that readers be informed that he neither receives compensation from, nor renders endorsements of, the American Income Life Insurance Company. He further wishes to inform readers that this article is scheduled to appear in the June 1979 issue of the Journal of Economic Issues, the Proceeding issue of the 1978 Annual Meeting of the Association for Evolutionary Economics.



Bernard Rapoport, Chairman of the Board

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Farmworker bargaining rights

Hard road to travel

By Bob Fatherree

Pharr

The office is small and crowded, its walls a mass of posters depicting the organizing efforts of labor groups around the country. Behind the wooden desk that dominates the room sits Tony Orendain, his thick mustache drooping, his characteristic wide-brimmed black hat pulled low over his forehead.

It is to this small office in a converted mobile home off a dusty road here that Orendain retires each day after visiting the Texas Farm Workers Union service centers in the Lower Rio Grande Valley. Here, he continues his campaign to improve the lot of the thousands of agricultural laborers who live in the Valley and across Texas. This year, that means mustering support for House Bill 227, a state law that would guarantee collective bargaining rights for farmworkers, who are specifically denied the protection of the National Labor Relations Act.

The bill, introduced by State Reps. Tony Garcia of Pharr and Paul Moreno of El Paso, would establish a three-member agricultural relations board to oversee labor disputes involving farmworkers. It would give farmworkers the same rights to organize and bargain collectively as are now enjoyed by other laborers under federal law. It is basically the same bill that went nowhere in the 1977 session of the Legislature; it is pretty much the same proposal that was summarily dismissed by a majority of members on the special House panel commissioned to study migrant farmworker problems during the just-

concluded legislative interim (*Obs.*, Nov. 3, 1978).

Yet, although nobody sees an easy road to passage of the measure this session, there have been some encouraging signs. One was a December editorial in the *Austin American-Statesman* which endorsed the proposed legislation and argued strongly for its passage. The editorial is thought to be the first by one of the state's major daily newspapers to back the organizing efforts of the farmworkers. Orendain was also encouraged by the pre-session filing of the Garcia-Moreno bill, because it could lead to earlier and more serious consideration than the Legislature gave to the similar measure two years ago. And the new bill differs from the old in a way that may make it a bit more palatable to the legislative leadership: HB 227 drops the 1977 measure's provision permitting union-shop clauses in farmworker collective bargaining agreements. However, the new bill has been referred to the unfriendly agriculture committee, where its predecessor languished and died last session.

So while the measure's proponents try to jar it loose from the agriculture committee, Orendain's TFW will be drumming up attention and public support by staging a march of over 400 miles from Muleshoe, in a part of the Panhandle where farmworkers are concentrated in large numbers, to the Capitol in Austin. The march is to begin January 27 and will end with a rally in the capital city on March 10. A group of the farmworkers' supporters plan to camp on the Capitol grounds

from then until the end of the legislative session.

It will not be the first time such tactics have been employed by the TFW. A similar trek from the Valley to Austin during the last regular session led to a fruitless meeting with then-Gov. Dolph Briscoe. The marchers continued that journey, walking to Washington, D.C., where they hoped to confer with President Carter. Carter, it will be recalled, refused their company, citing a crowded schedule, but did find time that day to meet with Willie Nelson.

During the 1978 special session, a TFW contingent went on a hunger strike on the Capitol grounds to urge consideration of the farmworker bargaining bill, and the tactic did win some publicity. But, says Orendain, the most common form of attention paid to the strikers by legislators was the complaint that they were cluttering up the view for the many tourists who visited Austin during the summer. "This time we'll take cactus with us from Muleshoe," Orendain says. "If they think of Mexicans as taking siestas under cactus, then we'll follow their image."

While the marches and demonstrations have yet to yield results in the form of legislation, Orendain still sees a farm labor act as the best solution to the problem of poverty among the state's farm laborers. "It's the only nonviolent, secure way to accomplish justice," he says. "By the same token, if we have to find another way to reach the same goal, we will."

The frustration Orendain's remarks betray is nothing new for the TFW. Indeed, it was out of frustration that the

TFW was born. While Cesar Chavez and his United Farm Workers Union concentrated on the struggle to unionize California's farm laborers, a group of workers in the Valley, led by former UFW secretary-treasurer and board member Orendain, resolved to strike out on their own.

As Orendain explains it, the UFW had placed severe restrictions on organizational activities in states other than California by the mid-1970s. In Texas, UFW sympathizers were confined to organizing support for boycotts of non-union California produce, and farmworkers and their allies were specifically instructed not to attempt strikes to organize workers in Texas. Orendain had come to the state in 1966 to direct the organizing drive of farmworkers who attempted a strike against Valley vegetable farms, and during the next nine years he was recalled by Chavez several times to take on other assignments. The UFW was losing the trust of Valley laborers, according to Orendain, and after the order came down forbidding strikes in Texas, he decided in 1975 to set up the TFW.

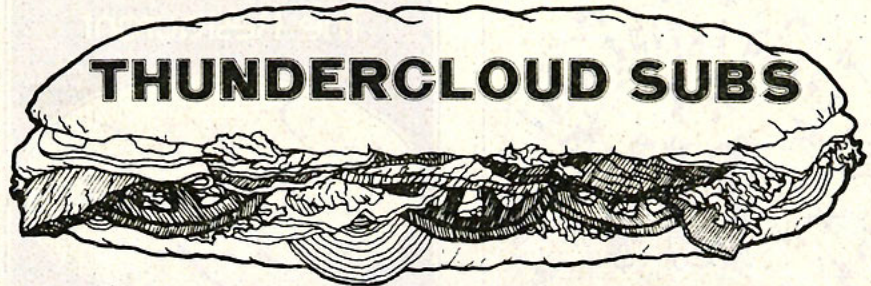
But since it was formed, Orendain's group has devoted most of its energies not to strike organizing but to offering social services and to working for the enactment of the farm labor law. Although there have been strike attempts, as long as growers are not required to hold union elections, says Orendain, "The biggest problem is that if you pull out 100 workers, then the next day you will find that 100 hungry stomachs have replaced them."

Instead of leading workers out of the fields, the TFW has established two centers in the Valley, as well as offices in Houston, San Antonio, El Paso and Muleshoe. (The TFW is now trying to revive its Austin office to provide support for its legislative program.) The centers guide farmworkers to the various social and governmental services that may be open to them.

In addition, TFW organizers have started developing an information network that will warn farmworkers against unscrupulous labor contractors. "Some contractors will ask for 200 or 300 workers when they only need 100," Orendain says. "That way, they can take the 100 best workers, or the 100 who will work for the lowest wages." The aim of the network will be to pass the word on the true labor needs of a given farm.

The TFW has also been letting its members and supporters know which farms pay the highest wages. Armed with this information, farmworkers can avoid farms operating on piece-rate systems that yield less than the minimum wage for the average worker—can avoid them, that is, if they can afford to. □

Bob Fatherree is a reporter for The Monitor in McAllen.



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To the people. . . from page 8

to upset anything. One little vignette tells the tale: a group of hard-core Democrats, gathered one floor above Congress Avenue in Austin, attempted to unfurl a banner from the windows of their office building during Governor Clements's inaugural parade, all in the spirit of fun. The 20-foot banner bore a rendering of Clements's notorious rubber chicken and the words "Pax Clucka." Corny, but harmless. Before the revelers could get the thing out the window, however, the building's landlord came rushing upstairs to nix the plan. The building is the First Texas Savings Association, and the nervous landlord, president of the S&L, explained, "I just don't want anything out there that will affect our institution."

Old business

The move to increase the price on home mortgages is not the end of the business lobby's plans by any means. As *Texas Business* magazine correctly put it in its legislative outlook issue in January, "There's an upbeat mood among business lobbyists as they do their homework for the 1979 legislature," and "the outlook for business in general couldn't be brighter."

Among their other special targets this year:

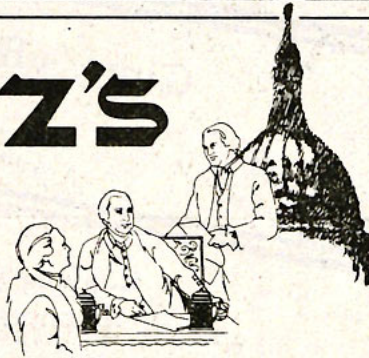
- *Deceptive trade practices:* The car dealers, whose lead lobbyist is former legislator Gene Fondren, are out front on this one, with the main effort being to narrow the practices for which businesses can be held liable, to force the aggrieved consumer to prove that the business intended to deceive, and to diminish the punishment that a business found to be culpable would receive. Besides the auto dealers, the chain-store retailers and realtors are behind the effort to weaken this consumer protection law, and both of these groups also have former legislators (Welch and Schulle, respectively) handling their business at the Capitol. Speaker Billy Clayton and Lt. Gov. Bill Hobby are inclined to go along with the special interests on these measures.

- *Products liability:* This is another body of consumer protection law that business wants to restrict; in particular, the effort will be to limit the time during which consumers can file a suit against a seller or maker of a product that has caused them harm, to narrow the grounds under which a business is liable, and to limit monetary damages that consumers can recover. Former state senator and Briscoe aide Don Adams (who also currently serves as a member of the Texas Industrial Commission), is the lead lobbyist on this issue, representing three accounts: the Texas Association of Business, Monsanto Company, and an ad hoc group of corporate lobbies calling itself the Coalition for Products Liability Reform. About a dozen insurance lobbyists are at work on this one, too.

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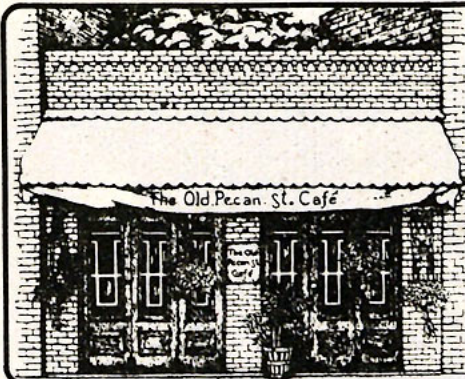
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• *Credit disclosure:* Some of the largest out-of-state companies that finance consumers' purchases of their products—such as General Motors and General Electric—want to tamper with the state consumer credit law by altering certain of its "truth-in-lending" requirements. The point man on this bid is Austin lawyer Gaylord Armstrong, who is registered for General Electric.

• *Tenant habitability:* Landlords are not happy with the Texas Supreme Court's ruling that their places must meet certain standards of habitability, so they are turning to the Legislature to define habitability in its narrowest terms (must have a roof, etc.) and even to allow landlords to write leases that waive the standards.

• *Timberland valuation:* During the special session last summer, the big timber companies that are the largest landowners in the state managed to fend off efforts to specifically *exclude* their holdings from a special property tax break designed to help family farmers. Now they are back with a bid to specifically *include* themselves among the beneficiaries of the tax break. Georgia Pacific, Kirby Lumber, and International Paper all have lobbyists on the job.

• *Electronic banking:* Bankers were soundly defeated at the polls in 1977 on a proposed constitutional amendment that would have allowed them to circumvent the branch banking prohibition by installing electronic banking terminals off their property. Now they are at it again, seeking a modified version of the same thing. The Texas Bankers Association considers this its number one lobbying priority, and the bankers are backed by the Texas Association of Bank Holding Companies, as well as lobbyists for individual banks and holding companies—Republic National Bank in Dallas, for example, has a dozen registrants this session.

• *NIK-O-LOK, etc.:* There's a mess of other special interest lobbies at work, ranging from strip miners and pharmaceutical manufacturers to Kelly Girls and NIK-O-LOK. NIK-O-LOK? It's the Indiana firm that manufactures practically all the locks used on pay toilets. Back in 1977 they spiked a bill that would have eliminated the 10-center from public buildings in Texas, and they have a lobbyist on hand just in case some do-gooder wants to try it again.


That's the nature of corporate lobbyists—if they lose, as the bankers did on their electronic schemes in '77, they can afford to come right back for another round; if they win, as the timber companies did in the '78 special session, they return to consolidate their gains and push for more; and if they just hold their own, as NIK-O-LOK did, you can count on them to be there next time to hold it again. The lobby never leaves. —J.H.

Research assistance on this article was provided by Martha Owen and Mike Hornick.

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Goldberg . . .

from page 11

telling TV stations what they can charge for commercials for politics or for anything else.

OBSERVER: Even though the airwaves are a public resource?

GOLDBERG: Yes. The [TV stations are granted] a license to operate. It's a business, a commercial venture. I'm not much of an exponent of heavy government regulation of private industry.

OBSERVER: There are those who would say that the airwaves are more like public utilities, which are, of course, regulated monopolies.

GOLDBERG: Well, if that were ever established, why then I guess we'd have the right to regulate them.

OBSERVER: Let me ask you a little bit about blind trusts. You talked some about Clements's putting his resources in a blind trust. Can you elaborate?

GOLDBERG: If I understand the definition of blind trust, it means the actual owner doesn't know where his investments have been made. So there's no way for him to favor or take into account his personal holdings in connection with official acts. But you can't establish a blind trust in which your major asset is a drilling company whose name you very well know. Unless Clements's interest in that drilling company were sold and invested in other assets, there's nothing blind about it. He very well knows who does business with his drilling company. And it seems to me that it's just showmanship, this business of saying, "I'm putting my drilling company stock in the hands of a blind trust."

OBSERVER: So what should we do about it?

GOLDBERG: It's more a grandstand play than it is a matter of substance. I don't think anything can be done about it. Everybody has certain interests, and it's up to a public official to make sure, if there's a matter that affects his own pocketbook, to stay out of it as best he can, to abstain. It seems to me that this is something the new governor will have to be very sensitive to.

OBSERVER: So you consider it a political matter, not something you would deal with legislatively?

GOLDBERG: Yes, I don't think it's anything you can deal with legislatively. You can't require a person, when he's elected to public office, to rid himself of all of his assets.

OBSERVER: As chairman of the Democratic Party, are you going to try and get some of these questions before the Legislature?

GOLDBERG: Well, I know that some of the election committees are going to be considering these questions, and the party has a legislative action committee that will be considering some of these things and making recommendations on matters that the party should attempt to help pass in the Legislature. □

Near Future



Alan Pogue

Feb. 3 / Sat. / Austin: Two Austin Women's Center classes, "Understanding Insurance" and an auto repair workshop, begin. Fees: \$5 and \$7.50, respectively. Information: (512) 472-3775.

Feb. 7 / Wed. / Austin: UT's Continuing Education Center sponsors a talk by Dr. Janice May, associate professor of government, on "The Legislative Process—A Close Look at the

Texas Legislature." Fee: \$2.50. At noon at the Stephen F. Austin Hotel. Information: (512) 471-3123.

Feb. 8 / Thurs. / Austin: The State Board of Education holds a public hearing on the adoption of textbooks for the 1980-81 school year. Submit requests to speak to Carolyn Ruhmann, 201 East 11th Street, Austin 78701. More information: M. L. Brockette (512) 475-3271.

Feb. 12 / Mon.: Last day to submit a comment for the record on whether the Army Corps of Engineers should be granted a permit to construct an estuary walkway through Armand Bayou near Houston. Send inquiries or comments to District Engineer, P. O. Box 1229, Galveston 77553.

Feb. 12 / Mon. / Houston: The Houston ACLU invites everyone to its annual membership meeting. Houston police chief Harry Caldwell speaks on "Redefining the Police Role." At 7:30 p.m., Autry House, 6265 Main St. Information: (713) 524-5925.

Feb. 14 / Wed. / Houston: Citizens' Environmental Coalition meets with county officials to discuss the county parks system. Two meetings are scheduled: 2 p.m. and 7 p.m. In the county commissioners' courtroom, 9th floor, at 1001 Preston. Information: (713) 228-0037.

Feb. 14 / Wed. / Austin: Daniel Ellsberg speaks on nuclear weapons and disarmament. For time and place, call Texas Mobilization for Survival (512) 474-2399.

Feb. 14-16 / Wed.-Fri. / Austin: UT-Austin's School of Nursing sponsors one of a series of four workshops on specialized nursing and health care. Information: Joyce Hoover, School of Nursing, University of Texas, 1700 Red River, Austin 78701; (512) 471-4396.

Feb. 15 / Thurs. / Austin: Amnesty International invites interested people to its monthly meeting to discuss the group's participation in a campaign to help political prisoners in Rumania. At 8 p.m. in Room 4.206 of the Texas Union, UT campus. Information: John Hollrah (512) 476-1341.

Feb. 20 / Tues. / Beaumont: First class meeting of a course on labor law taught by Dr. Sam Parigi, chairman of the economics department at Lamar University. Fee: \$25. From 6 to 8 p.m., Room 124, Galloway Business Building, Lamar University. Information: Office of Continuing Education (713) 838-8911.

Feb. 21 / Wed. / Austin: Common Cause sponsors a "Lobby Day" to discuss priorities for the legislative session. All are invited to make a round of the Capitol to meet with individual representatives.

Feb. 22 / Wed. / Austin: A course offered by the Austin Women's Center discusses available choices for childbirth in the city: homebirth, Leboyer method, etc. Fee: \$5. From 7:30 to 9:30 p.m. Information: (512) 472-3775.

—Vicki Vaughan

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Dialogue

Jarvis undeserving

In Political Intelligence (*Obs.*, Dec. 1, 1978) you do Howard Jarvis the undeserved honor of referring to him as "the California legislator" responsible for passage of Proposition 13.

Howard Jarvis could not get elected to any office in this state, ever, even if the transnationals now sucking \$4 billion in tax savings out of California were to finance his campaign. He's not even popular with the tenants in his apartments. Jarvis is just a two-bit real-estate hack whose crass manners touched the same nerve in Californians—who are tired of too-safe politicians—as did William Jennings Bryan in the old Midwest.

Now that services are starting to deteriorate and local governments are imposing their own, sadly regressive taxes on everything, a real "progressive backlash" is building in the Golden state. So don't be surprised if, in a year or two, you see *Time* magazine heralding the "New Public-Spiritedness" emanating from our trend-setting state—we work by trial-and-error out here and it's pretty clear we made a mistake. It's a damn shame, though, that the rest of the country takes these things so seriously: just as we're pulling out of the Prop 13 swamp, everyone else goes wading right on in.

Your article on broadcasting (*Obs.*, Oct. 20, 1978) was accurate and properly alarmist, but much more is at stake in the so-called "rewrite" of the Communications Act than access to broadcasting: what is being undertaken is the complete privatization of our society's "electronic nervous system," including telephones, computers, satellites, television—the whole kabosh. Just how serious this can be is easily imagined if you think of yourself as a blind person with NBC acting as your eyes, AT&T as your ears, and IBM as your kindly guardian. Scary, no?

Bob Jacobson
Manhattan Beach, California

Censoring inmate mail

The 5th Circuit Court of Appeals in New Orleans recently upheld the U.S. district court ruling in the case of *Guajardo v. Estelle* revamping the rules

governing correspondence here in the Texas Department of Corrections. A very important part of the ruling held that we prisoners could now write sealed, uncensored letters to the news media. The court held that an infringement of this right was not only a violation of our First Amendment rights, but a violation of the public's via the media. TDC issued a new rule governing correspondence supposedly in compliance with this ruling, which reads, in part: "Inmates may write sealed letters to members of the editorial and reporting staffs of any newspaper, magazine or radio or television station. No correspondence from an inmate to any media correspondent shall be delayed for more than 48 hours . . . to make the determination of whether the correspondent is a media correspondent."

Immediately after this rule went into effect, you may have noticed the large quantity of letters written by inmates to the media which were critical of the administration here. Before *Guajardo*, only letters favorable to the administration were allowed out and these were usually written by building tenders or other inmates working as pseudo guards. Needless to say, the administration was very upset by the rash of letters to the press which told the truth about practices here.

Beginning in December, many letters addressed to the media have been returned unmailed, with the reason cited being a violation of the quoted rule. These letters were either addressed to columns such as "Sound Off" in the *Houston Post* or simply to the newspaper itself. They were evidently returned because they were not addressed to a "member" of the staff. No one knows who writes these editorial pages, so this new interpretation of the rule prevents us from writing to any newspaper unless we know the name of a representative to address the letter to.

This rule is now interpreted literally, completely ignoring the intended purpose of *Guajardo*: to allow us uncensored access to the media. And not only our rights are at stake, but also those of the media and the public.

A TDC inmate
Huntsville

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