

THE
TEXAS
OBSERVER

A Journal of Free Voices

March 2, 1979

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PRIMARY BILL
JURY
DISCLOSE
THAT
CRISCOLL
DOORS
FRONT
SSENGER
ETC.

Political integrity

By John Bryant

Austin

Those who have been entertained in the past by the curious spectacle of the Texas Legislature trying to tailor its election laws in presidential years to suit particular candidates may be in for more of the same this year. In spite of the embarrassment of the last election-year rewrite, for Sen. Lloyd Bentsen's aborted 1976 presidential candidacy, the Legislature's leaders—Speaker Bill Clayton in the House and Lt. Gov. Bill Hobby in the Senate—are pushing a 1980 presidential primary bill that, again, is worse than having none at all.

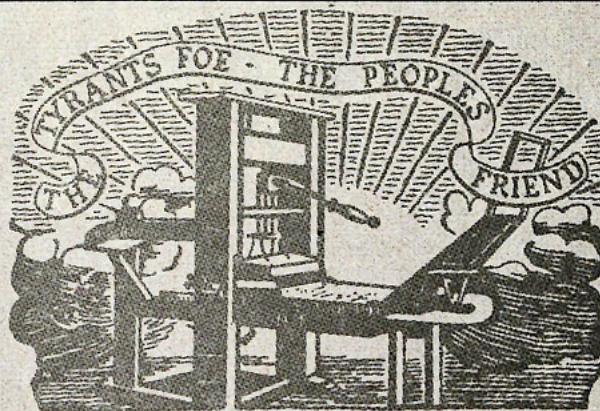
Senate Bill 602, introduced by Sen. Jack Ogg, would create a special presidential primary election next March, *separate from* our regular May statewide Democratic and Republican primaries. This split system would allow those who cast presidential ballots in the Republican primary for John Connally, Ronald Reagan, George Bush and others in March to flip-flop two months later to the Democratic primary to nominate candidates there for state and local offices.

What are these people up to? Why would rational public officials even consider a bill that would require voters to go to the polls two different times to nominate their party's candidates, at an additional cost to the taxpayers of more than \$3 million, when one election would suffice? For good Democrats and Republicans alike, this is the most important procedural issue to come before the Legislature this year, and all Texans need to be aware of the motivation behind it.

Clayton's proposal is specifically designed to help two groups. First, it will help presidential candidate John Connally and his backers, who, led by former lieutenant governor Ben Barnes, want a painless way to lure Connally's nominally-Democratic supporters into the Republican presidential contest. Second, the split-primary scheme benefits "closet-Republican" incumbents—state officials, such as Clayton, who vote, talk and think like Republicans, but masquerade under the Democratic banner at election time. By separating the presidential primary from the regular nominations process, and allowing crossover voting, these politicians hope to pull the closet-Republican voters back from Connally in time to protect them from what they fear most: being caught in a Democratic primary election in which only Democratic-minded voters participate and, most likely, only Democratic-minded candidates survive.

After much creative effort, those pushing SB 602 have developed a rationalization for their curious hybrid: the March primary, they say, would assure that the Lone Star state's voters have an early role in the presidential nominating process, thus assuring that the eventual nominees will have made early commitments to our regional interests. As Barnes has vigorously argued to Clayton and others, this system would clearly give their friend Connally a chance to beat Reagan early enough to develop national momentum. Bush and Reagan supporters naturally want a single primary election that would be more likely to be dominated by regular Republicans instead of crossover "Connally Democrats." Gov. William Clements says he might run as a favorite son candidate and is taking a wait-and-see attitude on when to hold a primary, but is committed to holding

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A journal of free voices

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PACs, lobbies, candidates

DISCLOSURE

By Steven Oaks

Houston

I served only 13 months as secretary of state, but that was time enough for me to over-see a full season of Texas electioneering,

encompassing primary, general and special elections, as the state's chief election officer. What I saw from that vantage point convinced me that without a new round of remedial legislation, the integrity of our elections and our lawmaking stands in jeopardy.

The danger stems, ironically, from a body of law intended to safeguard the electoral and legislative process against the intrusion of improper influence. The 1973 reform Legislature responded decisively to the revelations that came out of the Sharpstown influence-buying scandal: lobbyists were required to identify themselves and reveal the extent of their activity, candidates and political action committees had to take the wraps off their sources of campaign money and tell how they spent it, and officeholders had to disclose the nature of their financial interests. These laws were widely applauded as the toughest in the nation, guaranteeing that the people of Texas would know, when they entered the voting booths, who was getting what from whom. But the disclosure system set up by these measures hasn't worked out as intended.

Since 1973, the flow of money into the political process from private sources has become a flood, not only in terms of the amount spent, but also in terms of the number of PACs deciding how to spend it all. Yet the people are not getting the kind of information they need, they are often not getting it at all at the time when they could put it to best use—before an election—and there is next to nothing the secretary of state's office can do under current law to remedy the situation. At the same time, some requirements of these laws are so hard to figure out or so picky that they discourage ordinary citizens from taking part in politics.

The best illustration of the latter problem is the Lobby Control Act. The laudable purpose of this legislation was to make public the identities, activities and expenditures of persons who try to pass, amend or defeat a bill in the Legislature. Testimony to the statute's stringency was the registration during the last regular session of over 3,000 lobbyists, more than in any other state in the country (the second highest number was 400).

What's wrong with the laws and what ought to be done

But is that remarkable number a measure of the law's effectiveness at making salaried interest-group representatives subject to public scrutiny? Not

necessarily. As construed in an opinion of the attorney general, the Lobby Control Act commands that *anybody* who is paid or reimbursed for trying to influence legislation must register as a lobbyist and meet the reporting requirements. So a volunteer from a local civic group becomes a lobbyist in the eyes of the law as soon as he or she accepts reimbursement from an organization for the bus fare it takes to travel to Austin for a talk with a representative about some prospective legislation. At a minimum, this volunteer must file a registration form, a supplemental registration and activities report, and a form stating that his or her activities have ceased; failure to do so is punishable as a Class A misdemeanor by a fine of up to \$2,000, or up to a year in jail, or both.

Thus, in the name of reform and disclosure, the law as interpreted and applied tends to deter participation by the average citizen and essentially abridges First Amendment rights to speak out freely on proposed legislation. What's more, it makes a bureaucratic mess of the job of monitoring the activity of the real lobbyists. To put the emphasis where it belongs, the Legislature should exempt from the Lobby Control Act anyone who receives compensation or reimbursement of less than \$200 per calendar quarter.

While the lobbying law places a needless burden on the ordinary citizen, the reporting requirements for political action committees under the campaign disclosure law show signs of benign neglect. As the law now stands, these committees, which are the major source of campaign contributions, may operate with virtual anonymity, reporting no more than the committee's name (often an indecipherable acronym or a label that in no way relates to the committee's purpose or source of funds) along with its treasurer's name and address, which may be a post office box.

The reformers of 1973 saw nothing wrong with PACs per se, and I believe they have a legitimate role to play in raising money from their members and contributing it to campaigns. But I also believe the public has the right to know the PAC's true identity, where it gets its money, the occupational interest it represents,

and enough information to permit further inquiry. Listing a post office box number in San Antonio as the address of a treasurer named John Smith is not disclosure, but that is all it takes to comply fully with the law. Identifying a law firm's PAC as the San Jacinto Fund is not disclosure, but that is all the lawyers from my own firm have had to reveal.

If disclosure is to mean anything, the Legislature should amend the election code to require that a PAC: identify itself by occupational category (e.g., lawyers, physicians, employees of a specified corporation); and list the full name, complete street address, and the telephone number of its treasurer.

The disclosure law's treatment of candidates is inconsistent and confusing, yet in many instances unaccountably lax. Here are some specific problems and suggested solutions.

- The campaign reporting obligations of candidates now vary according to whether or not they have competition when they run for office. If unopposed, a candidate has no duty to make pre-election reports of contributions and expenditures, even though unopposed candidates in Texas *do* take in campaign funds and spend them (*Obs.*, March 31, 1978). But a candidate who draws an opponent must file such reports at specified intervals. This distinction is without justification, and the Legislature should simply eliminate it.

- Current law also allows candidates to wait until 30 days *after* an election to reveal contributions and expenditures made during the last nine days of the campaign. (Prior reports will have covered everything up to that point.) So voters may go to the polls without knowing that a candidate has received large contributions in the final stage of the campaign. While it would be impossible to report every penny received at the last minute by election eve, there is a practical and fair alternative: on the day before an election, each candidate and each campaign committee working in the candidate's behalf should report by

telegram all contributions of \$500 or more that come in between the tenth day before election and the second day before. This would give voters timely information without undue hardship to candidates, and there would be no room to blame the mails for tardy filing.

- Statewide candidates, candidates from multi-county districts, and incumbents currently have to file their campaign finance statements in just one place—the office of the secretary of state in Austin. To be sure, the press in some major metropolitan areas does a good job of reporting this information to the candidate's constituency. But outside of those areas a voter's only recourse may be to pay for the photocopying and mailing of the reports or to foot the bill for a special trip to Austin. To ensure voter access, another copy of those reports should have to be filed at the county clerk's office in the county where the candidate resides.

- Candidates and their election committees do not now have to identify any guarantors of loans they receive to pay for their campaigns. They should be obliged to.

- The general rule is that candidates in contested races must file reports 30 days before, seven days before, and 30 days after the election. But an exception is made for primary election winners who face opposition in the general election—they get to skip the report ordinarily due 30 days after the May primary or run-off, and do not have to file again until the following October, 30 days before the general election. I can find no logical basis for this double standard. The exception should be dropped.

- Another double standard requires an officeholder who designates a campaign treasurer to report all previously unreported campaign finance activity 15 days after making the designation. This means that the report may cover just a few days—for example, an officeholder who files the (separately required) report for all of 1979 and then designates a campaign treasurer on

Held to account

By Eric Hartman

Austin

A former aide to one of the worthier figures in Texas politics confided to the *Observer* recently that part of his job during last year's election season was to make his boss's campaign finance disclosure statements as confusing as possible. His candor was surprising, but the substance of what he said was not: making a mockery of disclosure, never a difficult task under the state laws that only erratically regulate the reporting of contributions and expenditures, has become one of the accepted arts of Texas electioneering and officeholding, and even some of the good guys would feel like fools if they refrained from doing it.

The masters of this art of nondisclosure in 1978 were the people who put together ex-governor Dolph Briscoe's campaign fundraising system. Briscoe's final report of receipts and expenses for last year states that he received and spent precisely nothing—a neat trick for a candidate who pumped millions of dollars into his re-election effort. Yet the report complies fully with the law, because Briscoe never actually touched the campaign money himself; instead, it was handled by a network of 60 committees acting in his behalf, all of them reporting separately to the secretary of state. All Briscoe had to disclose in his personal statement was the names of the committees (such as

Architects for Briscoe, Amigos del Gobernador Briscoe, and Briscoe Brazos County Committee), and that much he did.

It is possible, if you have the time and the appetite for tedium, to inspect these 60 reports and reach a rough estimate of how much Dolph's campaign took in and paid out. But once you have added up the millions of dollars channeled through big operations like the statewide Briscoe Committee, the going gets slippery—one committee lists a contribution from another that never reports having made the contribution, committees appear to go out of existence without accounting for left-over funds, and so on. The system is a mess, just as it was meant to be, and your guess as to whether the law has been violated or merely exploited in particular cases is as good as the secretary of state's.

Reports submitted by then-Rep. Jim Nugent of Kerrville illustrate another creative approach to disclosure, combining disconnected reporting with delay. Though Nugent ran for re-election without opposition, his friends held a "Tribute to Jim Nugent" fundraiser last July, and the honoree refused to provide even an estimate of the total take when we asked him about it afterward (*Obs.*, Sept. 8, 1978). Because the disclosure law discriminates in favor of unopposed candidates, the Kerrville representative didn't have to report anything until his annual officeholder statement came due in January. That document

January 6, 1980, would have to file a report revealing all contributions and expenditures from January 1 through January 5. There's likely to be nothing much to report. In contrast, the officeholder's opponent can wait until 30 days before the election to file a report that encompasses the same period. To demand this special report from officeholders is arbitrary and contributes little to disclosure. The requirement ought to be dispensed with.

- The current penalties for violating reporting requirements are not tough enough to serve as a deterrent. These sanctions for failure to comply should be increased.

No state official now has the authority to enforce the disclosure laws adequately. The secretary of state lacks the power even to file a formal complaint with prosecuting authorities against a deliberate violator. The secretary of state's office has no statutory authorization to review reports for compliance and notify violators that their reports are inadequate. The state's chief election officer is reduced to the status of a custodian of reams of documents submitted by lobbyists, PACs, candidates and their campaign committees. Public awareness of reporting violations depends on the chance that someone will come across them in the course of perusing the reports.

If the secretary of state's office is to be the enforcer of the disclosure laws in fact as well as in name, the agency must have the power to do the job right. The secretary of state should be expressly empowered:

- To determine whether lobbyists and PACs have fully complied with the disclosure law, and to file *timely* complaints against those who have not. Enforcement would be dramatically enhanced by the use of the computer capability that already exists in the secretary of state's office to find out whether PAC records match up with the records of contributions received by candidates. The Legislature would have to appropriate additional funds for this purpose, but it would be worth it.

- To review the reports submitted by candidates, campaign committees and officeholders, and to notify violators of their failure to comply with the law. A copy of the written notice of violation should be filed with the offending report as part of the public record, and it should stay in the file for five years, instead of only two as the law now provides. The longer period would preserve notices of noncompliance at least from one election to the next, when the public would again have a heightened interest in campaign finances.

Unless the Legislature gives the secretary of state these enforcement powers, the other changes proposed here would amount to nothing more than window-dressing. Likewise, unless the reporting requirements themselves are changed along the lines I have suggested, Texas will continue to have disclosure statutes that do not compel full disclosure, but do catch those who have to report in a crossfire of meaningless, inconsistent and repetitious demands for information.

All of the reforms I recommend are grounded on three principles: that what we seek is genuine and timely disclosure, not the illusion of it; that our reporting system should be stripped down to the requirements that are essential to that purpose; and that only once that is done can we cope with the realities of modern campaign practices. The point to remember is that just as candidates, officeholders, PACs and lobbyists have their roles to play in politics, so also do individual citizens, for they are the ultimate guarantors of the integrity of the whole process. Citizens cannot play that role properly without timely access to the facts about where the political dollar comes from and where it goes. Texas' disclosure laws should provide no less. □

Steven Oaks was secretary of state from October 1977 to January 1979. He is a partner in the Houston law firm of Butler, Binion, Rice, Cook & Knapp, and is a registered lobbyist for the city of Houston.

lists total contributions of \$8,341 for the year and only \$250 for July, but it also "incorporates by reference" two other reports submitted separately by the Tribute to Jim Nugent Committee, and these reveal that Nugent struck it embarrassingly rich last July.

The committee collected a total of \$49,412, including: a \$5,000 joint contribution from Kerrville banker Glyn Stewart, Gulf & Western director John Duncan and oilman W.F. Roden; \$2,500 from Robert R. Shelton, head of Shelton Ranches and former executive vice president of King Ranches; \$1,000 each from LIFT, the Texas trial lawyers' PAC, and Lee & Lee, a Mason law firm; and contributions from six PACs that also gave money to Nugent directly during the course of the year. (You can take it with you, by the way; Nugent's surplus of \$49,289 at year's end went along when he was appointed to the Railroad Commission).

House Speaker Bill Clayton's fundraising and reporting for 1978 followed the same pattern as Nugent's. It appears, though, that the speaker managed to raise about twice as much money for his unopposed candidacy and for such officeholding essentials as his leased airplane (\$13,815), flowers (\$650) and an item labeled "engraving for presentation" (\$75).

But the best reading in Clayton's officeholder file is in three identically-phrased letters, all dated December 29, 1978, which announce that 11 honorariums Clayton received for speaking engagements in '75, '76, and '77 have been "returned" upon his "discovery" that the groups he got them from "were in fact nonprofit corporations." The announcement is prefaced with the remark that "there exists a great deal of confusion about the

acceptance" of such payments "due to the inconsistency of the statutes dealing with them"—which is true, but tells less than the whole story.

Direct contributions from corporations are illegal, and one of Clayton's honorariums came directly from Diamond Shamrock Oil Corporation (*Obs.*, Sept. 8, 1978). He is now trying clumsily to gloss over the violation by suggesting that: he has just lately discovered that Diamond Shamrock is a corporation; he still doesn't know the difference between an oil company and the nonprofit associations that paid his other honorariums; he has rejected these contributions, not accepted them and then reimbursed the givers.

Texas Supreme Court Chief Justice Joe Greenhill's 1978 officeholder report shows that he too has been giving back contributions, but the circumstances are distinctly different. Greenhill collected \$4,085 in the early part of 1978 for his unopposed re-election effort, mostly from lawyers, but he returned almost all of the money in December, much of it without ever having cashed the contributors' checks. The chief justice shouldn't have been taking campaign money from members of the bar in the first place, but the qualms about it reflected in his report are to his credit.

The '78 reports reveal that praise is owed to just a handful of incumbents who ran unopposed last year—Supreme Court Justices Sam Johnson and Charles Barrow, Court of Criminal Appeals Judge Wendell Odom, and Land Commissioner Bob Armstrong. The three jurists accepted no contributions at all in 1978; Armstrong accepted two, totaling \$600, but reported them before the May primary because he thought the voters had a right to know. □

GOING FOR MORTG NOT

Austin attorney Robert Sneed, left, conferring at S&L hearing with state insurance commissioner E. J. Voorhis

It looked like a lobbyists' promenade when the Senate's economic development committee convened on February 12 to consider raising the mortgage interest ceiling to 12 percent (*Obs.*, Feb. 16). George Christian and Jerry Hall, two lobbyists who had spent weeks hustling the state's press to come down on the side of the lenders, were looming large, and Savings and Loan League lobbyist Durward Curlee, point man in the whole campaign, was pacing the floor like a nervous host. Also hanging around were Sam Kimberlin for the Texas Bankers Association, Robert Sneed for several lender-clients of his Austin law firm, Wade Spilman for the securities industry, Gaylord Armstrong for the Texas Society of Association Executives, assorted other industry reps, and several whispering clusters of savings and loan chiefs hauled in for the event.

Not that those for the increase were the only ones there. Texas AFL-CIO members showed up en masse wearing badges that featured a cigar-smoking pig and the slogan "stop the greedy savings & loans," and several American Agriculture Movement farmers were also on hand to protest the hike.

Committee membership is weighted entirely in favor of the industry's bill, but at least the members had to hear plenty of stout arguments against the measure. In fact, if testimony swayed committees, as the textbooks teach, the interest rate bill wouldn't have had a prayer, for AFL-CIO president Harry Hubbard, American Agriculture Movement spokesman John Scott, Texas Consumers Association director Jim Boyle, Texas Farmers Union spokesman Ron Butler, and several individual realtors and builders clearly carried the day against industry witnesses. But testimony is not power, and this committee had its mind made up well before the opening gavel. After only two hours, by

a unanimous vote, the bill was placed in subcommittee for safekeeping, and when the leadership signals its readiness, the bill will come whizzing out of there and the full committee will report it to the Senate floor by about the same tally.

The outcome was no different on the House side, where a usury rate hearing was held later the same day, but in this case the treatment of those testifying against the rate increase got downright nasty. Like its Senate counterpart, the House financial institutions committee is stacked overwhelmingly in favor of the lenders, so "borrower" witnesses were down from the start; but chairman Nub Donaldson and some of his bullying colleagues, not content with that advantage, seized every opportunity to kick witnesses they disagreed with.

It was a pathetic performance. Donaldson, who is also the sponsor of the industry's bill, warned his colleagues at the outset that some of the good-for-nothings about to appear before them would toss out "red herrings" and resort to certain factual "ploys." It was the job of the committee, he intoned, to rise above such partisan pleas, presumably by doing the industry's bidding. He not only mocked witnesses against his bill before they had a chance to speak, but also made them take last place in line to testify. By the time their turn came, most of the press had given up and gone home.

As consumer, farmer and labor interests at last got to have their say, they were insulted with tight-voiced belligerence by Donaldson and freshman Rep. Bill Messer, whose purpose seemed to be to serve his chairman as a sort of snarling attack dog. They went after Ron Butler of the Farmers Union so violently that he struck back at them with the question, "Is witness abuse part of this committee's rules?"

At least one witness, David Samuelson of the American Agriculture Movement,

countered Donaldson's clumsy sniping with aplomb. After he delivered a strong statement on the rising indebtedness of Texas farmers and the added burden Donaldson's bill would place on them, Samuelson was chided by the chairman for opposing a lenders' rate increase in Austin while his AAM colleagues were in Washington asking for higher farm price supports. Replied Samuelson: "Sir, I would be glad to compare the income of agriculture to the savings and loan associations' any day."

There is no adequate explanation for Donaldson's behavior, but one House member says that the Gatesville attorney doesn't intend to run for re-election and is making a bid to become an Austin lobbyist. Hence he doesn't care about offending farmers, labor and consumers,

Left to right, lobbyist Jerry Hall, gubernatorial aide Hilary Doran, and lobbyist Wesley Roberts, watching and waiting



12%

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and it is in his long-term interest to make a show of his loyalty to the business lobby.

In contrast to their badgering of these witnesses, committee members had positively glowed when proponents of the rate hike appeared. The lenders are nothing if not slick, and they dazzled the committee by presenting not just another S&L biggie to lay out their case, but an orchestrated video-taped show, 15 minutes long and in color, featuring Austin PR man Neal Spelce mouthing the industry's lines in a solemn, professional manner. The tape was shown on a television monitor installed on the House floor for the occasion, and like Walter Cronkite every weekday evening, this electronic witness made the "news" seem truer than real life. Committee members were

AAM members Craig Bryant, left, and John Scott, waiting to testify



absolutely glued to it, and to watch them watching it was to realize that the whole concept of "legislative witness" had just been profoundly altered, with Walt Disney animation just one step away.

But if Spelce was unreal, the committee did have to face a surprise witness who brought more reality to the proceedings than members wanted. He was Jonathan Lee, a 32-year-old South Austin carpenter who showed up totally without portfolio, wearing work clothes, mud-caked boots, and a determined expression. He and a couple of buddies had been framing a house when they heard on the radio that there was this hearing at the Capitol to raise interest rates on mortgages, and By Damn they just decided it was wrong and someone ought to say so. "I'm probably the only person here who's not being paid to testify," Lee told a hushed committee. "In fact, I'm losing money being here." That was just his warm-up: "I have a family, and we work real hard. We build these houses that you people are debating about now. We put 'em up. You represent us. The majority of people in the state of Texas work. [Lee pounds table at this point.] Don't deny us a home. Don't deny us the right to buy a home [by raising interest rates]. That's all I have to say."

Already in the bank

With all the hoopla surrounding the effort to do away with the usury limit on home loans, few Capitol observers even noticed that on January 29 the Senate economic development committee quietly slipped a big piece of change past borrowers and into the pockets of lenders.

Under current law, savings associations and banks can charge up to 18 percent interest for large loans (above \$500,000) to businesses. Sen. Ike Harris, a Dallas Republican who owns a chunk of Texas State Bank, introduced a measure to cut that limit on loan size in half, meaning that lenders could charge the 18 percent rate on commercial loans above \$250,000. Freshman Rep. Ed Howard of Texarkana, whose candidacy last year was largely financed by mortgage interests, felt that Harris wasn't offering a good enough deal for the lenders, so he offered a substitute amendment to lower the level to \$100,000—a level that will impinge on thousands of Texas family farmers and small businesses. The committee approved Howard's substitute and sent it to the full Senate, where it is awaiting action.

The American way

While lenders are in Austin telling legislators they can't lend another dime to Texas homebuyers unless they are allowed to charge more than the 10 percent interest allowed by the usury law, three Dallas-Fort Worth banks have come up



AFL-CIO president Harry Hubbard

with something on the order of \$60 million that they will lend to executives of American Airlines at a cut rate.

American Airlines is moving its national headquarters from the Big Apple to Big D, and the top officers of the firm feared that Texas' high home interest rates would discourage its mid- and upper-level managers from relocating. The answer? American arranged for the banks to sweeten the pot by offering its corporate migrants home mortgages at only 8¾ percent—a full percentage point below what Texas families would pay if the banks would lend it to them. From 800 to 1,000 American executives are expected to buy in, with Republic National Bank of Dallas, Colonial National Bank of Fort Worth, and the First National Bank of Fort Worth providing the mortgages. In return for knocking off a point, the banks will receive several million dollars from American Airlines in cash deposits, for which the banks will issue certificates paying the company only about 7½ percent, way below the going rate. In addition, the banks will get the personal accounts of those families whose homes they finance.

In summary, the banks have a bundle of money to lend at 9¾ percent if they want to (despite their protestations to the contrary in Austin); they will lend \$60 million or so to American executives at 8¾ percent interest; and American, by putting cash reserves in these banks at a reduced rate of return, will subsidize the extra percent of interest that the banks would otherwise lose.

A united front

The Houston homebuilding establishment has lined up behind the S&Ls' bid for higher interest rates, and some of the city's top politicians have hastened to

follow suit. On February 11, the *Houston Chronicle* ran a column by the president of the Greater Houston Builders Association calling on "builders and buyers alike" to write their legislators in support of the increase. The next day, Houston Mayor Jim McConn, who is up for re-election this fall, chose a meeting of the city's Mortgage Bankers Association to declare his support for eliminating the usury ceiling. Four days after that, Lt. Gov. Bill Hobby, a Houstonian whose re-election bid last year was underwritten by \$15,000 from lending and builder interests, announced that he favored no limit on interest rates to homebuyers, offering this one-liner as an explanation for his position: "I think the state ought to get out of the business of trying to regulate the cost of money, just as the federal government ought to get out of the business of regulating the price of oil and gas."

A closer look

The drive for higher rates by Texas lenders could backfire on them. It has attracted public attention to the high rates they already charge and the ample profits they make, and has spurred consumer and labor groups to question other S&L practices, such as: (1) their failure to pay interest on the escrow funds they collect from borrowers each year; (2) their use of "points" to inflate real interest charges beyond the usury limit; (3) their imposition of penalty fees on mortgage borrowers who repay their loans early; and (4) their dubious system of closing fees that tack several hundred dollars onto the actual cost of a home.

Rush to judgment

Take heart. Not everyone in the homebuilding and selling industry is going along with the party line. George Sandlin, for example, is president of the Texas Association of Realtors, and even though many TAR members and the association's lobbyists in Austin are working to increase interest charges to Texas homebuyers, he is not convinced the move is at all wise. "I think they're being a little panicky," Sandlin said of those who argue that failure to raise rates will depress the housing market, throwing realtors out of business. He mentioned to the *Corpus Christi Caller* a TAR poll that shows 85 percent of the Texas public already blames real estate agents for high interest, and he figures that the rate increase will just make that perception worse. Further, he doubts that people will pay the higher rates, and anticipates that home sales will decline as a result— "Every time you raise the interest rate one-half of one percent you drop 50,000 qualified buyers in the state of Texas," Sandlin told the *Caller*.

The state's independent bankers also are less than enthusiastic about the idea,

Meet your watchdog

The Savings and Loan Department, the official regulator of the industry, lists its address as 1004 Lavaca here in the capital city. But that site turns out to be a parking lot for Austin Savings Association, located at 1006 Lavaca. The *Observer* inquired inside Austin Savings



Savings and loan commissioner Alvis Vandygriff, right, chatting with Jerry Knippa, president of Texas Savings and Loan Association, during the Senate hearing on SB 134.

about the whereabouts of the watchdogs: "Oh, yeah, they're in the little building at the back of our parking lot," a clerk replied.

Indeed they were, and their

though their Austin lobby does not intend to campaign against it, for to do so would pit them against other large lenders whose good will they need. But one independent says that he polled 25 or so of his colleagues at a recent meeting and didn't find a single one who felt the mortgage interest ceiling should be raised, primarily because they all felt banks were doing very well without it.

Even legislators with apparent conflicts of interest are not necessarily behaving accordingly. Rep. Dan Kubiak of Rockdale, for example, is a homebuilder and might logically be expected to fall in line, but he has not: "If we raise the rate to 12 percent, I'll be eating the homes I build," he told the *Observer*, adding, "The whole problem started when we began to treat money as a commodity instead of as a medium of exchange." Then there's Rep. Stan Schlueter of Salado, who works for his family's realty business. In the last issue, the *Observer* put

"tradesmen-use-back-entrance" proximity to this large S&L fairly reflects the role the regulators play. Take a look at the agency's chief administrator, savings and loan commissioner L. Alvis Vandygriff. You'll not meet a more genteel or smoother-spoken head-of-bureaucracy in Austin, but peek beneath that amiable surface and you'll discover a man who works hand-in-glove with the lending firms he oversees. Though a man in his position might be expected to reach an independent judgment on the merits of raising Texas homeowners' interest rates, Vandygriff has been on Austin radio in the last two weeks making exactly the same pitch the S&L lobbyists are delivering to the Legislature. Perhaps it's just a matter of brilliant minds coming to the same conclusion.

One reason this protector of the public seems to think like a lender may be that he *is* a lender, in the sense that he has a substantial personal stake in the fortunes of home-loan institutions. Vandygriff's latest report on his financial holdings shows that he owns a block of stock in—you guessed it—Austin Savings Association. He told the *Austin American-Statesman* that he had actually sold those shares in July '77 when he became commissioner, but apparently he did not deem it a conflict of interest to hold the stock for the six previous years, while he was only deputy commissioner.

Vandygriff still has certificates of deposit in Austin Savings, First Federal S&L of Austin, and Landmark Savings Association in Ennis. He also owns shares in First Bancorp in Corsicana, First City Bancorp in Houston, Guaranty National Bank of Houston, Republic National Bank of Austin, and Texas Commerce Bancshares in Houston.

him down in an "accounts receivable" list for having taken \$1,500 in industry campaign contributions. That amount turns out to be from realtors in the family—and what's more, says Schluter, he makes a point of not accepting PAC funds from industry, he is opposed to the interest rate increase, and he has been taking all sorts of guff from other realtors for breaking rank. We regret having swept him along in our broad-brush indictment.

Raising interest rates is one of those solid, pocketbook issues that defies conventional political wisdom, and one never knows who is going to rise to the occasion. For the moment, the headlong gallop to pass this onerous bill has been slowed, and it's no longer an impossible dream to think it might be stopped entirely. There may be more populist blood in the Legislature than anyone expected.

—J.H.

TEXANS IN CONGRESS

By Linda Rocawich

Austin

Texas newspapers for the past year and more have been filled with moans and groans about the state's loss of clout in Washington. The subject has usually been the retirement of George Mahon, Bob Poage, Tiger Teague and Omar Burleson, who chaired important committees and had accumulated 150 years of seniority among them. Well, it's true that, with the retirement or defeat of a total of nine Texans, the congressional lineup is new and different. But the Texas delegation needn't throw in the towel.

The best news in years comes from the House committee on interstate and foreign commerce, which has bucked the traditional seniority system and given Houston Rep. Bob Eckhardt one of the best jobs on Capitol Hill. It elected him chairman of its subcommittee on oversight and investigations, with authority to delve into the doings of all federal regulatory agencies and the industries they regulate.

He asked for the job last year as soon as the old chairman, John Moss of California, announced his retirement, but Eckhardt later drew opposition from New Yorker John Murphy, a more senior committee member also eyeing the subcommittee's staff of 27 and budget of close to a million bucks. The fight was tough and go for a while, despite the fact that Murphy already chairs a standing committee and a select committee and so already had plenty to do. That was the least of Murphy's problems; in mid-campaign, the *New York Times* reported that the Justice Department is investigating him for alleged tax evasion and failure to register as a foreign agent for the Shah of Iran (the *Houston Chronicle* even suggested at one point that, if Eckhardt won, he should repeat the old ad slogan, "I got my job through the *New York Times*"). In the end, it wasn't close: the vote was 9 to 18 against Murphy.

The oversight subcommittee doesn't write legislation, but it does get problems out in the open. Eckhardt's predecessor used the panel as a platform for well-publicized, controversial investigations of the oil and gas industry, tire manufacturers, and life insurance firms, among others. Eckhardt will continue the hard-hitting tradition, and promises to be even better: Moss was known to lose interest in a subject when the news value faded, but the Texan is expected to stick with it until he gets results. Big business interests—which actively lobbied against him—are said to be in a blue funk.

There's no word yet on when hearings will begin, or what the first subject will be, because Eckhardt is still getting things organized. But he told the *Observer* he'll soon be looking into rate-making and pricing practices in the oil industry and the rates charged by railroads to haul Western coal (which currently are about three times the cost of the coal). Two other priorities: (1) a close look at cost/benefit analyses of federal regulations that leave out the intangibles—he's concerned, for example, that when economists analyze the costs to industry of stringent environmental regulations, they ignore the costs of

medical care for people whose health is damaged by the pollution the regs would prevent—and (2) business practices that lead to what he calls the "new inflation"—the current conditions under which costs of the basic necessities of life (food, housing, health care, energy and transportation) increase at twice the rate at which the costs of luxuries go up.

- As for those moans about Texas' diminishing clout, consider this: Jim Wright is still the majority leader; Jack Brooks is still chairman of government operations; Ray Roberts is still chairman of veterans' affairs; Texans hold nine subcommittee chairmanships; and every freshman but one got his first choice for major committee assignments.

- Four Texans besides Eckhardt sit on the commerce committee, one more than last year. This committee, currently the most sought-after assignment in Congress, oversees the oil and gas deregulation proposals dear to Texas' heart, as well as other important business-related stuff like railroads, power regulation, health insurance, securities regulation, and consumer affairs. This year, commerce lost Texans Bob Krueger and Bob Gammage but gained Mickey Leland, Phil Gramm and Tom Loeffler. Jim Collins of Dallas is the ranking Republican on the communications subcommittee, which will be the scene of the coming battle over TV and radio deregulation, better known as the "broadcaster liberation bill" (*Obs.*, Oct. 20, 1978).

- Kika de la Garza has unobtrusively moved up in seniority and now ranks as numero dos on the House agriculture committee.

- If this year's commerce committee reports out a health insurance bill that even Sen. Ted Kennedy and the United Auto Workers can love, part of the credit will go to Houston's new envoy to Washington, Mickey Leland. These advocates of a full-fledged national health insurance program lobbied hard for the election of Californian Henry Waxman over Richardson Preyer of North Carolina (the leadership's choice) to chair the committee's sub-panel on health. Waxman won, with the difference in the election being the shift of two freshman votes, one of which was Leland's.

- Joining the congressional power elite for the first time this year is Lufkin Congressman Charlie Wilson, who is the new chairman of the appropriations panel's subcommittee on the District of Columbia. Not exactly a plum, but then, says Charlie, "Any chairmanship is better than none at all." The leadership is happy to place the subcommittee in what the *Washington Post* called Wilson's "tight-fisted hands"—since it controls the city's budget at a time when the House District of Columbia committee is chaired by Ron Dellums of California, labeled a "free-spending liberal" by the *Post*'s sources. Conflict? Not to worry, says Wilson. He told the *Post* that, although he and Dellums may differ about how much Congress should spend on the District, "we are very good buddies."

● Martin Frost, the progressive from Dallas-Fort-Worth-and-in-between, who ousted Dale Milford, Congress's only weatherman, is just the second freshman representative in this century to snare a seat on the rules committee. This panel, which sets the terms of debate for everything to come before the House, is the choicest slot going. Unfortunately, Frost's win was a loss for fellow Dallasite Jim Mattox, who badly wanted the "Texas seat" opened up by John Young's defeat. But the committee is the House leaders' personal fiefdom, and they were none too pleased with some of Mattox's votes last year—his October vote to uphold Jimmy Carter's veto of the pork-barrel public works bill, a veto Speaker Tip O'Neill and majority leader Jim Wright fought tooth-and-nail to override, keeps being mentioned. Frost is expected to go along with O'Neill and Wright—though he told the *Dallas Morning News* "no blood oath has been asked for." Meanwhile, Mattox retains his prestigious seat on the budget committee, where he is moving up in seniority and could land a subcommittee chairmanship as early as 1981.

● Sam Hall of Marshall got lost in a shuffle for vacant seats on the ways and means committee, the House's powerful tax-writing body. Hall got the nod from the Democratic steering and policy committee, whose choices are sometimes challenged but seldom rejected by the full Democratic caucus. This time, though, the party's progressive wing was winning a few and wasn't happy with the nominees, who were expected to move the committee a good ways to the right. It took four caucus votes to do the deed, but Hall's right-wing voting record was enough to dislodge him in favor of Wyche Fowler, the liberal Georgian who holds the House seat formerly occupied by UN ambassador Andy Young. The tussle leaves the Texas delegation with only one Democrat on ways and means—Austin Rep. Jake Pickle, who now ranks sixth on this panel.

● One of the most important debates of 1979-80 will concern social security—the short-run issue is whether and how much to roll back scheduled payroll tax increases, the long-run biggie: how to finance the system in coming years as the baby-boom generation grows old. And Pickle will be emcee. He's the new chairman of the ways and means subcommittee on social security, a hot spot that's one of the Congress's more thankless jobs. The subcommittee's ranking Republican is also a Texan, Bill Archer of Houston.

● A major debate on whether to bring back the draft or stick with an all-volunteer army has already begun, and it will be presided over by El Pasoan Richard White, who chairs the subcommittee on military personnel of the House armed services committee (on which he is seventh in seniority). The battle was formally joined in subcommittee hearings February 15, and a big side issue promises to be: if we do reinstate the draft, do we draft women? One of White's witnesses has the solution to that little dilemma: Robert Shuck, the acting director of the Selective Service, declared that he personally opposes registering women until men learn how to have babies.

● Though Texans are crowded together on the commerce committee, and have more than their share of seats on some others as well (four, including chairman Ray Roberts, sit on veterans' affairs, for example), they are conspicuously absent from four committees. There are none on international relations (Kika de la Garza vacated his seat this year), none on House administration, none on the ethics panel. And, for the 25th year in a row, there are no Texans on the education and labor committee. This panel, which handles touchy issues like busing and anti-poverty programs, is considered a snakepit, best left to the Northern liberals who control it and the right-wing Republicans who use it as a platform for tirades against the welfare state. All of which leaves Texas educators and labor union officials without a homestate advocate.

Where they sit

Bill Archer (R-Houston): ways and means committee (*ranking Republican*, subcommittee on social security).

Jack Brooks (D-Beaumont): *chairman*, government operations committee (*chairman*, subcommittee on legislation and national security); judiciary committee; *chairman*, select committee on congressional operations.

Jim Collins (R-Dallas): commerce committee (*ranking Republican*, subcommittee on communications).

Kika de la Garza (D-Mission): agriculture committee (*chairman*, subcommittee on department investigations, oversight and research); merchant marine and fisheries committee; select committee on narcotics abuse and control; Democratic steering and policy committee.

Bob Eckhardt (D-Houston): commerce committee (*chairman*, subcommittee on oversight and investigations); interior and insular affairs committee.

Martin Frost (D-Dallas): rules committee.

Henry Gonzalez (D-San Antonio): banking, finance and urban affairs committee (*chairman*, subcommittee on international development, institutions and finance); small business committee.

Phil Gramm (D-College Station): commerce committee; veterans' affairs committee.

Sam Hall (D-Marshall): judiciary committee; veterans' affairs committee.

Kent Hance (D-Lubbock): agriculture committee; science and technology committee.

Jack Hightower (D-Vernon): appropriations committee.

Chick Kazen (D-Laredo): interior and insular affairs committee (*chairman*, subcommittee on water and power resources); armed services committee.

Marvin Leath (D-Marlin): public works and transportation committee; veterans' affairs committee.

Mickey Leland (D-Houston): commerce committee; post office and civil service committee; District of Columbia committee.

Tom Loeffler (R-Hunt): commerce committee.

Jim Mattox (D-Dallas): budget committee; banking, finance and urban affairs committee.

Ron Paul (R-Lake Jackson): banking, finance and urban affairs committee.

Jake Pickle (D-Austin): ways and means committee (*chairman*, subcommittee on social security).

Ray Roberts (D-McKinney): *chairman*, veterans' affairs committee; public works and transportation committee (*chairman*, subcommittee on water resources).

Charles Stenholm (D-Stamford): agriculture committee; post office and civil service committee.

Richard White (D-El Paso): armed services committee (*chairman*, subcommittee on military personnel); science and technology committee; *chairman*, Democratic Research Organization.

Charlie Wilson (D-Lufkin): appropriations committee (*chairman*, subcommittee on the District of Columbia).

Jim Wright (D-Fort Worth): *House majority leader*; budget committee; Democratic steering and policy committee.

Joe Wyatt (D-Victoria): armed services committee; merchant marine and fisheries committee.

Fast Eddie: it was fun while it lasted

By John Moulder

Corpus Christi

The scene: a mansion on Ocean Drive, Corpus Christi, spring 1978. Security guards usher in men in black ties and women in evening gowns to sip exotic drinks and eat the finest hors d'oeuvres, listen to the music of a high-priced mariachi band beneath \$25,000 chandeliers, and honor John Hill, the Texas attorney general who is trying to become governor. The host is a pale, gaunt, gray-haired, chain-smoking little man, immaculately dressed, the image of vast wealth and influence. The party has a price tag of \$6,000, but the host doesn't care. It is only money.

Edward Vincent Driscoll spent his entire life trying to get to that spot, where people thought him rich, influential and important. He attained it, then lost it, all in his 55th and last year, and died frustrated and broke. But on the way, the previously unknown street hustler from Fort Worth created one of the wildest tabloids in Texas history, had a hand in nominating candidates for governor and U.S. senator, and made himself a figure of legend in South Texas.

With Ed Driscoll, it was spend a dollar to make a dime, money the tool of the game rather than the object. He was a lot of things to a lot of people. To a pretty girl he was a generous sugar daddy. To a chicano laborer he was a crazy-rich gringo who gave away hundred-dollar bills. To politicians and well-heeled investors he was a millionaire oilman, newspaper magnate, and political financier. To some he was a loving family man, a philanthropist, champion of the underdog, the self-appointed savior of an entire race. And to still others he was "Fast Eddie," a wheeler-dealer with underworld connections, a convicted racketeer. Yet it could also be argued that Ed Driscoll did not exist. He had a wife, but did not live with her. He had a palatial home, but did not live there. He was a newspaper columnist, but did not write a column. He was rich, but had no money. He was an oilman, but had no oil.

"The best salesman in the world"

Little of Driscoll's story has been publicly told, but not for lack of interest—he has been investigated more extensively by news reporters than anybody else you can imagine who emerged from obscurity suddenly to become a controversial public figure. Intrigued by rumors that he was involved in organized crime—one reporter told two of Driscoll's Corpus Christi *Sun* staffers he saw Ed breaking bread with Louisiana mafioso Carlos Marcello in an exclusive Corpus Christi private club—reporters for the *Washington Post*, the *Dallas Morning News*,

and the *Austin American-Statesman* spent months investigating him, ignoring suggestions from those close to him that the Mafia would never have anything to do with a person as disorganized as Ed. The *Corpus Christi Caller Times* had as many as six reporters delving into Ed's financial affairs, his background, and his private life at one time. But next to nothing appeared in print, even after WFAA-TV in Dallas made him the subject of a five-part prime-time exposé.

The man they couldn't get a handle on was a seventh-grade dropout, a product of the Fort Worth gambling community that thrived during a colorful and often violent era in the 1940s and 1950s. Ed was never a big shot like Benny Binyon or Tincy Eggleston, though he moved around in those circles and had plenty of anecdotes to tell about people like con-man Titanic Thompson (the real-life character after whom Damon Runyon patterned his Sky Masterson) and Johnny Moss (one of the all-time famous hustlers and world's champion poker player). Ed Driscoll himself was one of the last of the Runyonesque characters; like Runyon's Sky Masterson, he didn't know the difference between 75 cents and \$75,000, and the only time he knew he was broke was when he reached in his pockets and found nothing there but his fingers.

I first met Ed Driscoll in 1967, soon after his release from the white-collar federal pen at Seagoville. (Ed said he had won some money in a crap game in Billings, Montana, and carried it to Dallas to deposit it in a bank. He was convicted of "conspiracy to place in interstate commerce the proceeds of an illegal act," a charge under what the feds refer to as their National Bum Rap Act. Ed claimed the feds prosecuted him because they thought he was part of the national crime syndicate. "Course I wasn't," he said.)

I was working for the old Scripps-Howard *Fort Worth Press* at the time, doing stories about a gang of big-time safe burglars who were receiving little interference from the law. One was Walter Mark Flanagan, a notorious hoodlum and pimp who married Ed's ex-wife, Johnnie Faye, the mother of two of Ed's daughters. Ed was trying to make Flanagan's life miserable,

Ed Driscoll and wife, Anita



Nelson Allen

putting in a bad word about him to any cop or reporter who would listen.

But causing trouble for Flanagan was a just a pastime—Ed's work, his calling, was promotion, and he was an absolute genius in the field. His number one project in those early days of our acquaintance was a refrigerator the size of a pack of cigarettes, the practical purpose of which would be to keep insulin cool for diabetics.

Persuasive and persistent, he had more gumption than anybody else I have ever known. He was like a guy who propositions every woman who walks by—he gets slapped a lot, but sometimes gets his way. Ed asked people for money, though. Over and over again. He wasn't far on the upper side of illiteracy, but he eventually managed to hobnob and cut business deals with directors of national TV networks and a former director of the Internal Revenue Service, to name a few.

Ed was broke in the years when I first knew him, but not our kind of broke. He always drove big cars, lived in luxury apartments, dated flashy women with expensive tastes. He'd borrow a couple of hundred from a friend and take my lady and me out on the town to try to impress us. He collected people the way some people save money—for a rainy day.

He almost never became discouraged, and when he did, he got over it fast. He came to me one day, needing money to fly to Atlanta to promote his tiny refrigerator. He spent two hours trying in vain to talk me out of my paycheck. Finally he gave up, had a drink, and lamented, "I envy you because you have a profession. I have never had a job a day in my life and I don't know how to do anything." I didn't take Ed very seriously in those days, but he told me, "Son"—he called everybody son—"this is the start of a friendship that will last for many years."

During his roller-coaster career, Ed was no stranger to violence. He'd tell stories about the zany, bloody underworld wars in Fort Worth. Once, he drove into the driveway of Frank Cates's gambling joint on the Jacksboro Highway, at the very moment the place blew up, with Cates in it. Along with the debris from the dynamite blast, it rained paper money for a while. He had been involved in a couple of shooting scrapes more directly, but wasn't convicted of anything. In 1968 I went to see him in the hospital in Cleburne. Ex-wife Johnnie Faye had shot him several times and Ed looked bad, strung up in traction, tubes sticking in his veins. (The reason Johnnie Faye shot him was that she had a gun handy. Ed was so exasperating his best friends would have killed him many times if they'd had the means at hand.) But he was as optimistic as ever. As he later told me, "I'm the best salesman in the world. When I got out of the hospital in Cleburne, my arm was in a sling. I had \$20 to my name. I took it and went to New York. A year later, I had a million dollars."

In New York he got money to drill oil wells in Texas. The deal evidently was not supposed to produce anything but a tax write-off for the investors, but with what an associate called "pure dumb luck," Ed managed to revive the dormant Dyersdale Field in Harris County. By 1972, when Ed looked me up again at the *Dallas Times Herald*, he had homes in Corpus Christi, Dallas, New York and Hollywood, offices in Corpus and New York, limousines and chauffeurs in Corpus and New York, and he was spending as much as \$697,000 in a single year (or so he claimed, anyway). By 1978, his oil and gas investors included, according to the *Caller Times*: John Backe, president of CBS Inc.; 14 others from the top echelons at CBS, including a former president, former finance executives, and CBS Columbia Group president John Phillips, his son and his secretary; a half-dozen current and former executives of RCA Inc., including RCA comptroller Charles Ellis and an executive vice president of industrial relations (and his brother); and one current or former executive from each of the following—Xerox Corporation, International Paper Company, PepsiCo Inc., Norton-Simon Inc. and American Home Products.

The next George Parr

Ed Driscoll had a plan to take over the world, or at least the South Texas portion of it. He had wealth and he wanted power. So he started building fronts to achieve it. He bought an old house on Ocean Drive, the nesting ground for the very rich of Corpus Christi, and spent hundreds of thousands of dollars turning it into a mansion. (He never stayed in it, preferring instead to live in a \$30-a-day room at the Sheraton Marina Inn on Corpus Christi's bayfront. The place on Ocean Drive, with marble driveways and a swimming-pool-sized bathtub on the second floor, was for Ed's wife, Anita.) He maintained a luxurious office decorated with photos of himself in the company of the broadcasting executives who were among his investors. He was borne around town in a \$19,000 limousine by a chauffeur named Henry who had previously jockeyed cars up and down the ramp at the Sheraton. And he kept a fleet of white Cadillacs for family and friends.

He intended to become the next *patrón* of the Mexican-Americans of South Texas. He wanted to help them realize their vote potential—and then influence the way they would vote. "The Mexican-Americans will be controlling Texas in five years," he said. George Parr, the Duke of Duval, was dead by his own hand, and Ed believed he could acquire as much power as Parr had held in South Texas. At one point, Ed told me he was trying to buy the old white building, across from the courthouse in San Diego, that had been Parr's headquarters for many years. Ed was never very subtle.

Ed also wanted a newspaper to help him achieve his goal. Prominent Mexican-Americans in Nueces County felt the brown race had never received a fair shake from the *Caller Times*, and Ed got encouragement for the project from Mexican-American leaders such as Dr. Hector Garcia, founder of the American GI Forum, Ruben Bonilla, state director of LULAC, State Sen. Carlos Truan, and Reps. Arnold Gonzales and Hugo Berlanga.

Ed summoned me to start his newspaper, and told me to pattern it after the old sensational, muckraking *Fort Worth Press*. He had a heart attack that almost killed him before I could get to Corpus Christi, but a few days later he was issuing instructions from his hospital room to his lawyer, editor, accountant and others to get the newspaper started.

Ed swore he wouldn't interfere with newspaper operations. But as soon as the publishing machinery was in place, he marched in and did everything possible to push the *Sun* into the

"In another era, he would have been one of the great newspapermen that you read about. He had the great instinct of newspapermen, a sixth sense about injustice. He just seemed to know when things weren't right."

—David McHam, chairman, Southern Methodist University journalism department

realm of the absurd. Though I was listed on the masthead as editor and publisher, Ed was running the *Sun*. It was a disaster. As he learned each department's function, he tried to control it personally. He'd fly into nerve-shattering rages. Shortly before the first issue was published, Ed's meddling became so intolerable that we all resigned. He backed off briefly, the staff returned to work, and the *Sun* printed its first 48-page weekly edition on January 12, 1978, with 100,000 copies delivered throughout Nueces County.

With the *Sun* as his vehicle, Ed moved into the limelight, and there was no stopping him. About the only previous local publicity Ed had received had been a *Caller Times* story in which he denied rumors that the house he was refurbishing on Ocean Drive would be the future home of Corpus native Farrah Fawcett-Majors—"If the Six Million Dollar Man wants to buy

it, the price is \$1 million—cash.” But on the day the first issue of his tabloid appeared Ed caused a stir by making a public offer to buy up school superintendent Dana Williams’s contract for \$130,000—on the condition that Williams leave town.

Ed’s idea of newspapering was to raise unmitigated holy hell with the city’s establishment, and his principal targets were Williams, city manager Marvin Townsend, most members of the Corpus Christi city council, and Hayden Head, rancher, lawyer and powerful politico. The major story in the premier issue was an exposé of the city’s elite.

Ed didn’t know the difference between a news story and a letter to the editor. When I refused to print his opinions as editorials (I told him if I was part of management, his views sure as hell didn’t reflect the management position), the famous Driscoll Column was born. In the column, which two other staffers and I wrote for him, he would let fly at various public officials, while the news columns—though political coverage was often slanted—stayed within some semblance of proper journalistic standards.

The *Sun*’s editorial staff was made up of some of the most experienced and talented journalists in Texas. The nucleus included Bill Hendricks, who had covered Vietnam for the *Fort Worth Star-Telegram* and Watergate for Scripps-Howard, veteran Dallas-Fort Worth newsmen Ben Stevens, Tommy West and Ken Miltstead, and magazine writer and photographer Nelson Allen. The *Sun* also hired away courthouse reporter Ray Caballero from the *Caller Times* and lured former *Caller Times* reporter Guile Gonzalez back into journalism from his job as an aide to Senator Truan.

It wasn’t long before the staff was spending much of its time and energy resisting Ed’s eccentric plans for the paper. He had no concept of a newspaper as a newspaper. He had spent his life promoting one thing or another, and the newspaper was just another promotional tool. He barraged reporters and editors with “hit lists” of public officials he wanted them to attack in print. A headline would be too large or too small to suit him. He didn’t understand human interest stories—unless they furthered one of his newly discovered causes—and would raise hell when they appeared in the paper.

Ed wanted every employee of the paper to carry out his every whim, even though to do so would be harmful to him and his purpose. He started his publishing venture as an ally of the GI Forum, the granddaddy of Mexican-American rights organizations and rival to the more liberal LULAC, so for a while he complained that the *Sun* was carrying too many stories about LULAC, not enough about the GI Forum. But when GI Forum founder Hector Garcia rejected Ed’s clumsy efforts to dictate his group’s political strategy, Ed switched his allegiance to the Bonilla-LULAC faction and told editors to start carrying more LULAC news, less about the GI Forum. In the final phase of his newspaper-political career, Ed began to emerge as a champion of the Brown Berets.

Driscoll the publisher didn’t have strong beliefs, just strong impulses. He shelled out a lot of money for expert advice, then refused to follow it—usually he wouldn’t even listen to his lawyers, accountants, newspapermen and oil specialists. And Ed would move so fast and do so many things wrong that he’d have to run back later to the people he had hired and implore them to bail him out. One example was the time he wrote a \$30,000 check for a political campaign. Oil executives all over America had been convicted in the Watergate era of giving corporate money for political campaigns. But Ed didn’t know that, of course. After someone explained to him what he’d done by writing the check on one of his oil company accounts, he called me in a panic and said we had to retrieve it before it got to the bank. The payee, it turned out, had known better than to cash it. But Ed didn’t learn from the experience. When Ed wanted to do something, he did it, heedless of whether it was legal, proper, or something he’d rue the next day.

The *Sun*, under Driscoll’s guidance, carried page-one head-

lines, six inches deep, such as VALLEY FATCAT EXPLOITS MIGRANTS, PUNK KIDS TERRORIZE SCHOOL BUSES, and BRISCOE DEFIED COURT’S ORDER. Ed was the only newspaper owner I ever knew with whom editors and reporters had to fight to keep provocative stories out of the papers. Every other newspaper has its local sacred cows, institutions a publisher won’t let an editor challenge in print. But the *Sun* even did an exposé of Corpus Christi’s Buccaneer Commission, which is tantamount to taking on the United Fund in any other town.

Ed thrived on the turmoil he created, and when he couldn’t inflame the community he’d raise hell with various employees. But when an employee quit, Ed would refuse to accept the

“He caused a reawakening of the Mexican-American people. He was a friend with a medium for helping us. He took stands that were against his own interests—oil. And he encouraged people to get involved.”

—Dr. Hector Garcia

resignation. You didn’t quit on Ed. On one occasion, a *Sun* employee resigned, got drunk, and told the *Caller Times* about some of Ed’s activities. Ed reacted by getting out his 38-caliber pistol, fetching his two burly bodyguards, and leading them about town on a search for the offender.

Rumors of such escapades bolstered Ed’s reputation as a character who might be more than met the eye, and he fueled speculation by letting himself be seen with powerful corporate figures from New York and with friends who were not unacquainted with underworld activities. Once Ed spent hours telling a TV interviewer that he was your plain, garden-variety millionaire who just happened to be championing the cause of Mexican-Americans; later the same day, the TV crew went to Driscoll’s home but found the iron gates locked and guarded by men armed with shotguns and pistols. Ed attracted even more attention by flying to the Teamster-owned La Costa country club in California, a favorite haunt of reputed underworld types, where he tried unsuccessfully to wangle some money for his ventures out of national Teamsters officials.

But what really raised eyebrows in Corpus Christi was Ed’s political maneuvering. I suspect that most years he couldn’t have told you who was president or which party was in control, but Ed had decided that politics could be handled, like anything else, with money—and he did his best to buy his way in.

His opening gambit was to urge Corpus Christi real estate broker Roland Garcia (who encouraged Ed to start the newspaper and became one of its directors) to run against popular Nueces County Judge Robert Barnes. Ed could never explain why he wanted to elect a county judge. He hadn’t even met Barnes. But he hired Austin public relations expert Jerry Hall to draw up plans for a campaign, and pledged \$100,000 to the cause before Garcia decided not to make the race. Ed got out of that misadventure with a mere \$10,000 loss.

Then Ed zeroed in on three statewide races with usual Driscoll inconsistency, backing John Hill for governor, Bob Krueger for U.S. Senate, and Price Daniel Jr. for the attorney general’s office. Ed held parties at his Ocean Drive home for Hill and Krueger, with refreshments provided by the exclusive Town Club, entertainment by Roberto Pulido’s Los Clasicos Band, and private security by his own guard force and off-duty Corpus Christi police officers. He threw another expensive bash for Daniel at the Town Club. Ed scoffed at suggestions that campaign contributions might be more beneficial to his candidates than these parties. That just wasn’t Ed’s style.

Here’s how he went about helping Krueger, for instance. He announced that the Senate candidate’s fundraiser would be a \$100-a-person, invitation-only affair, and guaranteed Krueger



Roland Garcia, Arnold Gonzales and Ed Driscoll

\$10,000 in campaign funds out of the proceeds. But Ed never got around to asking for the money from those who showed up—they were his guests, you see. Months later, after a lot of prodding from Krueger's people, Ed contributed \$2,000 even though he didn't have enough money at the time to pay his newspaper's bills.

Ed's flamboyant role in the politics of 1978 won't soon be forgotten by the people of South Texas. He repeatedly brought Mexican movie star Regina Torne into Texas from Mexico City to campaign like a block worker for John Hill. (Not long before Ed's death, she recorded the "Ballad of Ed Driscoll" in Spanish. Ed was so proud he immediately sent it to Nashville to be mass-produced, and demos were sent to radio stations.) Ed befriended the Scotch-loving TV talk-show personality Domingo Peña, sending him cases of Chivas Regal, and Ed Driscoll became Domingo's favorite subject on his Sunday broadcast over Corpus Christi's KIII-TV, which has one of the largest Mexican-American audiences in the country. Domingo also campaigned loyally for John Hill.

Ed did his personal bit too. At a Hill fundraiser in Houston he marched to the podium and handed over a \$5,000 check, encouraging his fellow guests to do likewise. He laughed the next day, "This is the first time in my life I've been a *live* shill." Ed had, of course, had a lot of practice as a shill in his younger days, easing high-rollers into poker games, but that was different—he never had to ante up any of his own money.

By his own estimate, Ed spent \$100,000 in behalf of Hill's campaign; I know for a fact that he spent in the tens of thousands. The money went for everything Ed's mind could conceive—appearances by mariachi bands and show-business types, political ads, posters, leaflets, you name it. On primary election day, he staged free beer-and-barbecue parties near major polling places throughout Corpus Christi's Mexican-American West Side. Thousands of Hill-for-Governor balloons were handed out. Ed even hired an airplane to fly a Hill-for-Governor streamer across the skies of South Texas (on the appointed day, however, fog grounded the plane). He said he spent \$9,000 on food and drink for the West Side parties alone. (Precinct judges said later that voter turnout might have been heavier had not some voters been otherwise occupied at Driscoll-sponsored barbecues down the street.)

Copies of the *Sun* were hauled from the press at Laredo to

Corpus Christi in a leased van, and Ed had it repainted to serve as a Hill-for-Governor van, complete with a loudspeaker on top. The vehicle became famous in South Texas as "the John Hill van that is sometimes used to haul papers." The election-eve edition was heavy with political ads and stories, and Ed ordered 50,000 copies printed and distributed free throughout the region.

In his columns in the *Sun*, Ed waged a relentless anti-Briscoe campaign rather than a pro-Hill campaign, occasionally taking time out for punches at John Tower and Mark White. Despite Ed's efforts to change his mind, Dr. Garcia of the GI Forum supported Briscoe, as he had in the past, so Ed lashed out furiously at the popular "Dr. Hector" in print. Nonetheless, after Ed's death Garcia issued a statement praising him for giving Mexican-Americans a new awareness of their importance.

How effective Driscoll was in the Democratic primary is a matter of conjecture, but Mexican-American voters in South Texas went heavily for Hill, and Hill won handily in a region that had formerly been a Briscoe stronghold. Hill has said publicly that he couldn't have won the primary without a run-off had it not been for the strong Mexican-American support he drew.

It was never clear, even to Hill's people, why Ed spent so much money trying to elect John Hill. What did he want in return? "Nothing," he told me at first. Later he said he might try to influence some political appointments if Hill was elected, but he didn't have any particular ones in mind.

Falling apart

While Driscoll was playing his ambitious public roles, his financial base was crumbling. For a time, he was spending more than \$50,000 a month on the newspaper, a lot more than necessary for a prudent operation. He spent thousands of dollars just to put some potted plants in the front office—"Son, the front is the most important thing of all," he'd say. And even as the *Sun* teetered on the brink of financial ruin he made a personal loan of \$5,000 to a state official, and gave another \$5,000 to the Miller High School band so it could make a trip to Mexico.

The newspaper was his plaything, not a business. He spent a fortune on the circulation department, ordering changes in the distribution system so many times it became hopeless—one week, the *Sun* would be mailed to subscribers, the next week

thrown door-to-door, then mailed again. He became perhaps the only newspaper owner in the world to discourage advertising. "There's too many ads in the paper. I don't care if it doesn't have a single ad," he said. And in the early months, he would shun—even insult—advertisers. Once he got low on money, he hired as many as nine ad salesmen at a time, but by then it was a lost cause.

But even as it declined, the newspaper fed Ed's ego. On the days it came out, Henry the chauffeur became a paper boy, delivering papers in the limousine to Ed's friends all over the city. The kid who grew up poor on Fort Worth's rough-and-tumble North Side had become a South Texas celebrity. He sat proudly in the audience at a press club luncheon while he was lampooned along with other notables. Though he tried everything to keep negative stories about his criminal past and his association with underworld figures from being published, he almost seemed to revel in it when reports of his shady career surfaced. And even WFAA-TV's exposé included interviews about Ed with the likes of John Hill, Bill Clements, Jim Baker and Bob Krueger.

Ed was already having trouble with his oil investors in the spring. When they found out about his free-spending ways with the newspaper and his political favorites, they were mightily peeved, and they forced a settlement that removed him from control of the oil properties of Driscoll Productions. Ed started borrowing money from any source and worked at it night and day until not one was left. On the eve of the May Democratic primary, he couldn't meet his newspaper payroll, although he did issue paychecks the next week. From then on it was downhill, with late and missed payrolls, bills unpaid, creditors closing in.

On that primary election eve, as his employees went unpaid at the *Sun* and at his oil companies, Ed attended a party for Domingo Peña at the Corpus Christi municipal coliseum, got up on the stage, and announced that he was financing a new

"He had supported our campaign generously and with the same all-out effort that characterized . . . everything he did. I was grateful for his help."

—John Hill

record-producing company for chicano music. He also got drunk. When the *Caller Times* called me at midnight, I figured they had heard about the missed payroll and wanted my comment. Instead they wanted to know how to reach Ed. They told me he had gotten into a fistfight with a county official at the coliseum party.

In early June, Ed went on a tear that drove off most of the major editorial people at the paper. I resigned as editor and publisher. At about the same time, the *Dallas Morning News* did an unflattering story about Ed, and he retaliated by putting a North Texas edition of the *Sun* on Dallas newstands. That edition was soon suspended, however, and the Corpus Christi edition, which had for a time been coming out twice a week, was cut back to once-a-week publication, because Ed could no longer pay the printer for more. A skeleton crew kept on putting the paper out without pay, and Ed started hocking personal property to make ends meet while he desperately tried to swing another big deal.

But he continued to charm the dickens out of people. Out-of-town reporters loved to do stories about this crazy man who moved his lips when he read and counted on his fingers. And he still had it in him to make the grand gesture. A *Sun* circulation truck driver who had been evicted from his apartment asked Ed for a \$70 advance on his salary. Ed absently handed the man a \$100 bill. Name me another newspaper owner who would do that?

And then there was the Chaparral Street wino whom Ed adopted. The wino lived in the alleys and carried a winter coat

around with him even in the summer because he had no home to hang it in. Bill Hendricks tells a story about a ride back from a Christmas party when Ed ordered Henry to stop the limousine, jumped out, and gave the wino a \$10 bill. From then on, every time he saw the man Ed would give him money. A few days before Ed's death, he ran into the wino on the street. The winter coat was missing, evidently stolen, and Ed gave the wino two dollar bills—all the money he had on him—and promised to find him another coat. "Winter's coming on and you'll need it," he said.

The weekend before Ed died, I returned to Corpus Christi and had a long talk with him. He said he had just pawned a diamond ring for \$5,000 and had spread most of it around among the people still working for him without salary. He said he had big plans, would get back into the oil business in a few months with some prominent state officials among his clients. I reminded him of Sharpstown, and he changed the subject, going on to talk about still other grandiose schemes. He said he would

"He was considered as an eccentric by many, but as a man, he was highly ambitious and driven by a zealotness to assure equality. . . perhaps overzealous in pursuit of that, for an anglo."

—Ruben Bonilla

"Pero puro corazon ese hombre." (That man was all heart.)

—Roberto Pulido

come back bigger than ever before. I asked: if he had the past year to live over again, would he have done anything differently? "I would have done every single thing exactly the same way," he answered.

He planned to go to Austin the next weekend, something to do with strategy for the Hill general-election campaign, he said. But that Friday night, at about 3 a.m., he went down from his fourth-floor room to the Sheraton lobby, sat there for awhile, then asked the bell captain to call an ambulance. Around dawn, Ed was dead of a heart attack.

On a hillside in Mount Olivet cemetery on Fort Worth's North Side, Ed was buried with his war medals. Though he was a decorated veteran of World War II, he had never talked willingly about the experience, and brushed off questions about it in interviews.

Ed's Eastern investors, led by CBS Columbia Group president John Phillips, are now fighting it out in court with three Driscoll business associates—J.B. King of Fort Worth, Charles Neely and Earl Gilbert of Houston—because it seems that Ed signed over the same oil and gas holdings to both groups. Besides title to those properties, there's another prize Ed left behind: \$2,528,000, payable to whoever is determined to be the rightful beneficiary of ten Driscoll life insurance policies. The Phillips group alleges that Ed put the policies up as collateral for investment capital its members handed over, then changed the names of the beneficiaries without bothering to notify them.

The *Sun*, of course, ceased publishing when Ed died. That was as it should have been, because the paper was Ed Driscoll, a gaudy monument to a volatile little guy who made it to the top—for awhile. Regardless of where Ed ended up—cutting high card with Saint Peter to decide whether he'd gain admission, or drilling for dry holes in hell for tax write-offs, with the devil and everybody else a winner—I know one thing for sure: he never gave a single fleeting thought to how or why he got there.

And in the end, this high-flying hustler, maybe the last of his breed, got flashier eulogies than the rest of us can count on. □

John Moulder is a veteran Texas journalist now working as a freelance writer.

Political Intelligence

RRC on the carpet

● It's a rare day when the Texas Railroad Commission doesn't get everything it asks for without question, but the next-to-impossible did happen when the House slashed in half the regulatory body's request for more than half a million dollars in "emergency" funds. Watching all three commissioners—complete with lawyerly retinue—making a hand-wringing plea for the bucks and agreeing to line-item some of their fuzzily defined requests was the best show yet this session.

The commission said it needed the emergency money to hire new employees and implement new policies under the federal Natural Gas Policy Act of 1978. The Senate agreed that the commission needed half a million dollars, and the bill sailed through that body with ease. It looked as if it would be the same story in the House, until a few members asked the bill's author, Rep. Joe Hanna of Breckinridge, to be more specific about where some of the \$581,000 would go. "It's not my prerogative or duty to question what it takes for them to do their job," Hanna said.

This curious attitude didn't set too well with El Paso Rep. Ron Coleman,

who figured the Railroad Commission ought to have to itemize its request line by line, according to standard procedure for any appropriations bill. Speaker Bill Clayton was of the same persuasion, saying it was altogether proper for the House to ask for more specific and better information on where the money would be spent.

In a stemwinder of a speech on the House floor, Coleman pointed out that in its own supporting document submitted with the request, the commission said it needed only \$245,000 to implement the new federal act; it was not clear what the commission planned to do with the other quarter-million it asked for.

Coleman also looked askance at a request for \$67,327 under a category labeled "decision-making." Coleman wondered if the \$28,707 requested for utilities and \$17,000 earmarked for travel had been spent for phone calls and plane tickets to Washington to lobby against the Natural Gas Policy Act. (Spending state funds to influence legislation is forbidden under the current appropriations act.) Coleman said he couldn't get the commissioners to answer this or other, simpler questions, such as why the commission needs an extra \$16,089 for

rent. The House thought Coleman's points were well-taken, and voted 75 to 66 to give the commission only the \$245,000 it said it needed to implement the NGPA.

Since the Senate and House didn't agree on the amount of money the commission should be given, the bill went to a conference committee. There, commissioner John Poerner trotted out the old bugaboo of the Bad Old Feds to rationalize his request for every bit of the \$581,000, saying the full wad was needed to implement the NGPA and to make it "palatable to Texans." Not only that, he cried, but the federal Energy Regulatory Administration is going to promulgate another regulation for crude oil in 60 to 90 days that will cause still more administrative headaches for the commission.

Poerner's "the-sky-is-falling" routine worked, and the conferees agreed to appropriate the entire \$581,000. But Coleman, with the help of Rep. Matt Garcia, added an amendment that requires the itemization of commission funds and blocks the commissioners from transferring any of the half-million to other programs in the agency. It was a small victory, but an important one.

—Vicki Vaughan

Squeezing out Shiner

● Drink a Shiner beer while you can—it could be tough to find one after January 1, 1980, if a fast-moving Senate bill sponsored by Gene Jones of Houston makes its way into the law books.

The measure includes two provisions that threaten to squeeze Texas' last home-owned brew out of the market. The first one calls for what's known as a "three-tier system" of distribution, from brewer to wholesaler to retailer. The idea is to stop the big brewers' practice of by-passing wholesalers by making direct sales of their beers to retailers. That makes sense at one level (giving independent wholesalers a chance to maintain a competitive element between large monopolistic brewers and consumers), but at the small end of the scale, where Shiner lives, Jones's bill is a case of good intent producing disastrous results. This section of the bill would put the kibosh on the direct distribution system that the Spoetzl brewery has devised to help get its product to the public—direct sales to consumers off the dock at its little brewery and at such Shiner wholesale outlets as the two-man operation in Austin (*Obs.*, July 7, 1978).

That's bad enough, but under Jones's

SB 419 you'll also be less likely to find a six-pack of Shiner at your local stores, thanks to a second provision that would allow beer to be sold in three new bottle sizes—seven-, eight- and 16-ounce bottles, in packages of six and eight. The six- and eight-packs of teeny seven- and eight-ounce bottles of beer, which will cost more per ounce than the tried and true 12-ounce six-pack now available, would mean higher profit margins for the big brewers, and the pressure to market the smaller sizes here is coming primarily from two of the most aggressive giants in the industry—Coors and Philip-Morris, maker of Miller's.

These extra product lines will intensify the already-cutthroat competition for shelf space in supermarkets, liquor and convenience stores. Anheuser Busch, for example, already puts regular and light Budweiser, regular and light Michelob, and Busch Bavarian on the shelf in 12-ounce six-packs and quarts. Under the Jones bill, this industry giant can command additional space for seven-ounce versions of the same stuff. There's only a limited number of inches on the already-crowded shelf. "Somebody's got to go," says a Shiner distributor, "and we're afraid we'll be the ones." The result will be more size choices of the nationals, but fewer brand

choices for consumers.

The Shiner people aren't taking all this lying down, but they're getting precious little help. They did persuade Seguin Sen. John Traeger to amend the bill in committee to exempt breweries making less than 75,000 barrels annually from the three-tier system, thus allowing the brewery in Shiner to sell directly, but retail sales off the dock at Shiner distributorships would still be forbidden after the first of next year.

At a Valentine's Day hearing on the Jones bill, Marshall McHone, who with a single partner runs the Shiner distributorship in Austin, spelled out to the Senate state affairs committee what zero dock sales and less shelf space would do to his now-profitable business. Committee members were oh-so-sympathetic: "Well, I'm glad you've taken care of Shiner," committee chairman Bill Moore of Bryan told Traeger; "Hang in there for the little guy," Sen. Betty Andujar of Fort Worth told McHone. Whereupon both Andujar and Moore cast their votes with nine other members to gut Shiner distributors. Five days later, the full Senate joined in the fun by passing Jones's bill. Only Ganado Sen. Bill Patman stood with Shiner.

—Vicki Vaughan

Knee-slappers

● It's a lot of fun in Austin these days, but what else can you expect when a giggle-a-minute bunch like the Texas Senate gets together? Wait'll you hear this one: Betty Andujar, the Republican wit from Fort Worth, introduced a resolution to invite Abraham Lincoln to address the Texas Senate on "the auspicious occasion" of his 170th birthday, February 12. Get it? Lincoln's dead! It passed without objection, accompanied by much merriment among the senators.

He should know

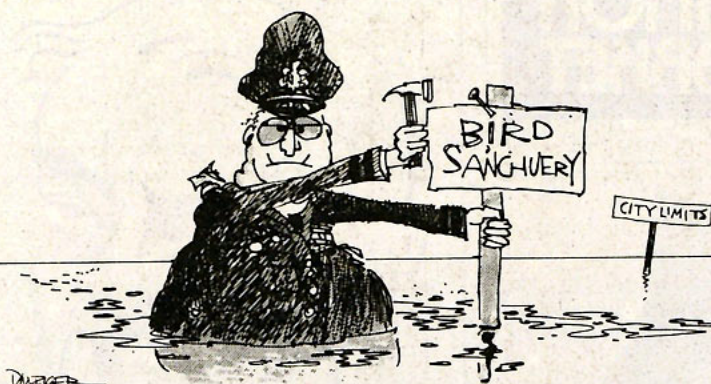
● Walt Rostow is a University of Texas professor who can legitimately claim to have been a chief architect of Lyndon Johnson's Vietnam policies during the mid-'60s, including the decisions to build up U.S. forces and firepower there. On February 13, Rostow was testifying before the Texas Energy Advisory Council, and here's what he said of Jimmy Carter's failure to pursue a policy of all-out oil production: "It is one of the most imprudent and dangerous decisions ever made in the political process."

Democratic Forum

● A funny thing happened to Rep. Buddy Temple on his way to running a forum. The new House Democratic Forum, that is—a Temple-conceived creature that, strange as it seems, has the blessing of Temple's nemesis, Speaker Billy Clayton. Temple says he envisions the forum as a way to open up and develop communication between House Democrats and the State Democratic Executive Committee, and he decided to let Clayton know of his plan so that the organization wouldn't come across as a front for another Temple-for-speaker race.

If Clayton didn't think of the new caucus as sinister, several of Temple's old allies did. They saw it as a crumb from Clayton's table, a little fiefdom over which Temple could rule after having failed to dethrone Clayton.

Temple denies he planned to ensconce himself as chairman of the forum with the votes of some Clayton team players. The invitation letter he sent to House Democrats was signed by 13 representatives—all of whom voted for Clayton as speaker—but the names of progressives like freshman Rep. Hector Uribe and Ernestine Glossbrenner are



Bailing out Baytown

● Thirty million dollars' worth of residential real estate in Baytown will be turned into bird sanctuaries, greenbelts, and nature walks if a noted and influential national organization gets its way. No, this national group isn't the Sierra Club or the Audubon Society—it's the U.S. Army Corps of Engineers.

The project will be paid for by \$34 million earmarked in President Carter's fiscal 1980 budget for "flood control," but according to *Texas Parks and Wildlife* magazine, the source of the problem isn't Mother Nature at all; rather, it's the pumping of 32 million gallons of ground water a day from under the city for the benefit of Houston, causing land subsidence so severe that some neighborhoods have willy-nilly become a flood plain. The Army engineers plan to evacuate 1,500 refugees and remove 450 homes.

—Bob Sindermann Jr.

found on the letter alongside those of Clayton sympathizers Ron Wilson and Bill Heatly.

Conspicuously absent, however, are the names of the "gang of four"—Reps. John Bryant of Dallas, John Whitmire of Houston, and El Pasoans Luther Jones and Ron Coleman, who have consistently stood up for Temple in his battles against the speaker and who continue to be Clayton's most pointed opposition.

Temple's curious plan was not well-received by the four. Whitmire and Jones discussed boycotting the first forum meeting, but 30 minutes before the get-together began they decided to make a what-the-hell run at thwarting Temple. Whitmire and Jones sampled the views of House Democrats and were amazed to discover most had not been contacted. Temple says that's because he contacted no one but the letter's signers—he wasn't soliciting votes to be the group's chairman.

With a small turnout likely at the organizational meeting, Whitmire and Jones suggested to Rep. Matt Garcia of San Antonio that he might be interested in serving as temporary chairman of the new group. Garcia was, and he agreed to try to bring the votes of the Mexican-American caucus with him to the first

meeting.

Temple's planned-on triumph turned into a catfight when Garcia's backers insisted that the new caucus elect only a temporary chair. Temple, with the backing of Clayton's forces, tried to put off the chairmanship vote entirely, but was rebuffed. Temple and sympathizers were outnumbered 17 to 14, and Garcia now heads the forum.

Temple, Whitmire says, was "plenty p'd off" about losing control of the forum. But, although a few people have talked to him about making a run for permanent chairman, Temple says "it just ain't that big a deal." Big deal or not, he doesn't rule out making another bid for it.

One thing's sure: he can't count on votes from his old buddies. One gang member says Temple has "really strained relationships" and he's not about to let Temple head up a "play pretty" caucus authorized by Clayton. With the forceful Coleman chairing the forum's rules committee, which will decide the method of electing a permanent chairman, Temple may be odd man out until he can make amends with his old supporters.

—Vicki Vaughan

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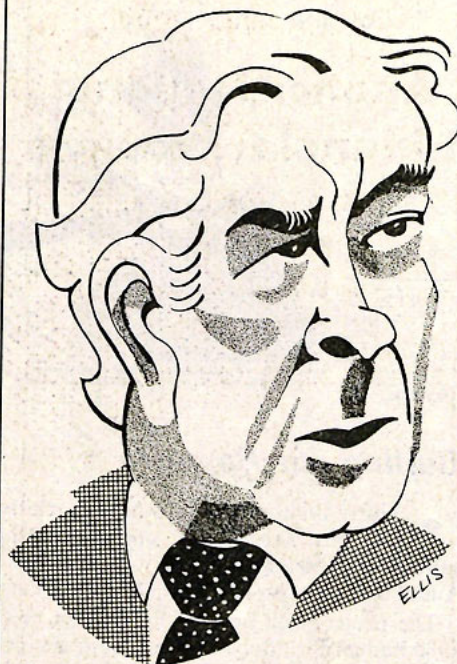
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Into the sunset

As you must know by now, it's official: John Connally is running. He ballyhooed his presidential candidacy at a luncheon meeting of the National Press Club in Washington a few weeks ago.

Then he spent the last week of February on a homecoming blitz of 24 Texas cities, a tour geared toward consolidating local GOP support before hitting the national hustings. It brought lots of old faces out of the political closet, most of them belonging to conservative Democrats who may or may not be born-again Republicans. One of the more interesting is that of former lieutenant governor Ben Barnes, who is working hard for his old mentor but says he has no intention of switching parties—or of getting back into politics himself. Nonetheless, the Connally protégé has been very visible in the Texas Legislature lately, trying to fix a presidential primary date that would favor Connally.

It's hard to avoid the subject of Connally's past, but the man himself is trying to make an asset out of the least auspicious aspect of it, his 1975 trial for bribery. He has proclaimed that he is the only presidential contender who has been "certified innocent" by a jury. But political columnist Jack Anderson, who spoke recently with most of the jurors, begs to differ. As he wrote in the *Washington Post*: "It would be safe to say that most of the jurors, who voted to acquit Connally, would not vote to put him in the White House. 'Our verdict meant not

that we had found necessarily that John Connally was innocent but, rather, not guilty based on the case presented to us," explained foreman Dennis O'Toole."

But the fine points don't bother our John, and, anyway, he's more interested in the future. On next spring's primary trail, he thinks the man to beat is Ronald Reagan. And if he can't? Well, he wants to make his intentions perfectly clear: "I don't want to be vice president. I'll either be successful this year or this will be my 'last hurrah.'" Promises, promises. What of the fall? JC figures if he wins the nomination, he'll be up against Ted Kennedy, in which case, he says, the battle will be one pitting "charisma against charisma." So much for the issues.

Speaking of which, when the *Observer* reported that the *Saturday Evening Post* had gushingly endorsed Connally's candidacy (*Obs.*, Dec. 15, 1978), we thought it was just a case of the *Post*'s editors being overwhelmed by the man's charm. We didn't know the half of it. *Country Gentleman* magazine, you see, jumped on the same bandwagon at the same time, and a few of the background details have now been supplied by Alan Crawford in a January issue of *Inquiry* magazine.

It seems that Beurt SerVaas, who owns Curtis Publishing Company, which owns both magazines, is not only a close personal friend of JC's, but also "sees himself as the grey eminence behind Connally, the confidant who advises Connally on matters of international affairs." According to a former *Post* editor quoted by Crawford, "Beurt would like to be made, if not secretary of state . . . then at least ambassador to the Court of St. James's." (SerVaas hasn't always been in the magazine biz. The money to buy into publishing came from family fortunes earned on sales of a cleanser called Bar Keepers Friend.) And there's another Connally/SEP connection: the John Connally Citizens Forum, a Houston-based political action committee dedicated to promoting its man's candidacy, enjoys a "close working relationship" with *Post* editor Frederick Tuttle, who often conducts Citizens Forum business from the publishing company's Indianapolis offices.

What next? Well, SerVaas owns one more magazine, but seems to be at a loss to decide how its readership can best help the cause. Though the readers of *Jack 'n' Jill* are too young to vote, the editors might suggest that the kiddies hold their breath till they turn blue or Mommy and Daddy agree to vote for JC, whichever comes first.

Clever, no?

• The legislative leadership's move to set up a special presidential primary next March (see page 2) has run into a problem, since 13 senators have announced their opposition to the idea—two more votes than needed to beat it.

Undaunted, the schemers are planning an end run. Here's the intricate plan: they will attempt to move the regular state nominating primary to July. Governor Clements has said he will veto any such bill, but Clayton and Hobby hope to persuade progressive legislators to go along with the idea (on the basis that a summer primary shortens campaign time and costs) and muster enough votes to override the veto.

Here comes the sneaky stuff. The state's Republican leaders are all committed to holding a presidential primary in Texas, even if a presidential primary bill is not passed. (Court decisions strongly suggest that they can place a presidential preference referendum on their regular statewide primary ballot without legislative action.) But if the regular primary date is moved from May to July, that puts it *after* the GOP deadline for national delegate selection, leaving them out in the cold. So then the Republicans will have no choice but to back the original plan of holding a *separate* presidential primary in March.

How do you stamp a cob of corn?

• Funny thing about a lot of anti-government conservatives—they keep proposing bills for more regulation. Take Bob Price, the Republican state senator from Pampa who used to be in the U.S. Congress. He has recently proposed a bureaucratic nightmare that would require every agricultural product produced in or even shipped through Texas—every peanut, egg, onion, head of lettuce, goat, seed or cob of corn—to be individually labeled "Product of the United States." Price now claims that there must have been some mistake—all he really wanted to do is keep pesticide-tainted Mexican produce from entering this country. Then there is Price's proposal to test and license every locksmith, including the operators of the standard key-cutting machines commonly found in hardware stores throughout Texas.

—Mitch Green

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P.I.

Tell us your troubles

It's been said that if you prick a Texas railroad commissioner with a pin, you'll draw oil or gas rather than blood, so close are they to the industry they are supposed to regulate.

If that seems far-fetched, consider the commission's forthcoming "State of the Industry" conference, a sort of family reunion of commissioners and energy executives that has been held annually for about the past 35 years. The stated purpose of these gatherings is to let the regulated and the regulators compare notes on oil and gas supplies, but lately the conference has become a public wailing session, at which industry big-wigs hammer the Carter administration and denounce the loss of public trust in their corporations, while the three commissioners make sympathetic clucking noises in the background.

Officially it's a public meeting, but only a very select public has been asked to participate. Commission chairman John Poerner sent out 40 special invitations to attend this year's conference—all of them to the corporate heads of oil and gas refiners and marketers. Among those that Poerner has asked to "describe the state-of-the-oil-industry" from their organizations' "viewpoint" are executives of Exxon, Gulf Oil, Mobil Oil, Chevron, Phillips Petroleum, Shell, Texaco, Sun Oil, Pennzoil, Standard Oil of Ohio, Getty Oil, Tenneco, and such gas utilities as Lone Star Gas, Coastal States, El Paso Natural Gas, and Southern Union Gas. The only other special invitees are five former railroad commissioners. Left off Poerner's list are independent oil and gas producers, AFL-CIO unions, independent service station operators, the Texas Consumer Association, and others who have a direct stake in Texas' oil and gas industry.

The commission's meeting will be March 20 at the Austin Hilton Inn, and the public is allowed to look, though presumably not to touch.

—Linda Daniel

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Workaholics

Those carpers who jumped on Billy Clayton for slow and sloppy management of the Texas House just haven't been paying attention. Why, in the first two weeks alone, Clayton's well-oiled machine passed a resolution hailing singer Mickey Gilley for "his country music superstar status." And hardly a month had gone by before several of the speaker-appointed committee heads announced that they were just about ready to begin considering some bills. And, Good Lord, you can only drive members so hard in the early going—they're already having to work three days a week.

But you can't please some people. Reps. John Bryant, Ron Coleman, Luther Jones and John Whitmire have charged that Clayton is deliberately going slow in order to logjam legislation at the session's end, so he can create confusion and pull parliamentary maneuvers that let bad bills pass and good ones die. These picky members point out that the speaker has done this sort of thing before—like the last regular session, when they calculate that Clayton's purposeful mismanagement had the House in actual working sessions only 53½ of the 140 days the taxpayers paid for, thus overloading the pipelines at the last and forcing a special session.

Clayton admirers were relieved when their champion put the pettifoggers in their place with his comment that, as far as he could tell, "We're moving at just about the average pace. I can't see that we're moving any slower than we have in the past." That's showing 'em, Billy.

Meanwhile, Rep. Bennie Bock II (or Bennie Two Slashes, as he's known in the House) said he was tired of all this talk of inaction, so he introduced several measures to repeal some of Texas' anachronistic laws, including a 1925 prohibition of sleeping in a barbershop or beauty parlor—"I decided that barber-shops or beauty parlors ought not to be different from the Legislature," he explained.

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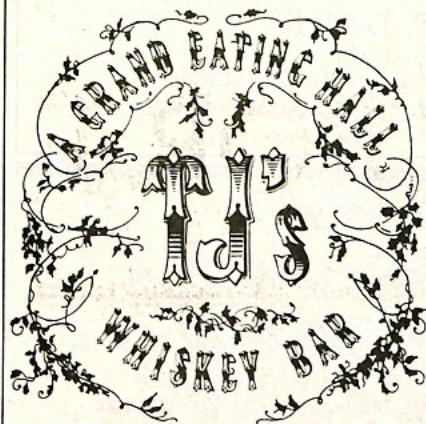
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P. I.

The new Phoenicians

When China's vice premier Teng Hsiao-ping chose to visit Houston last month, then named the Bayou City as the site of one of only two soon-to-be-opened American consulates, most analysts figured the Chinese affection for the city stems primarily from the oil supply industry headquartered there. Former mayor Louie Welch, however, thinks it is Houston itself the orientals are enamored of—it's a "can-do city," he points out, claiming Houston to be the "vision of what Teng hopes to accomplish in China by the year 2000." Welch, who now heads the city's chamber of commerce and was Teng's official host, talked to a Knight News Service reporter about all this: "Phoenicians," he said. "We are the new Phoenicians. We are everywhere. Everywhere I go all over this world—and I mean everywhere, the North Sea, Hong Kong and Pago Pago—I'm meeting people from Houston."

Front-line inflation fighters

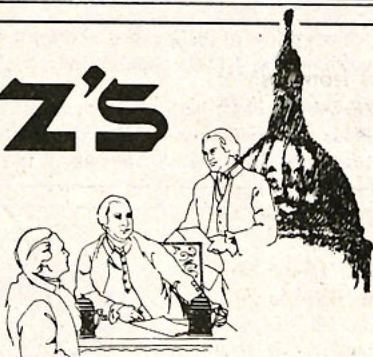
ACORN, the community organizing group with 20,000 members in 14 states including Texas, has called on some of the nation's largest corporations to take a pledge that they will hold down their price increases. ACORN members, who are low- and moderate-income families, will monitor price increases right where it affects them—at the local retail level—concentrating on the basic consumer needs of food, housing, health care, energy and credit. Alvarro Rodriguez, a Houston ACORN member, says that "since President Carter announced his wage and price guidelines in October, consumer prices have continued to go up at the rate of 8½ percent," so if high inflation is ever to be checked, there will have to be pressure from those who are paying the price.

Thirty Texas firms have received ACORN letters declaring that "our incomes have not been keeping up with your prices," and asking the companies to do their fair parts by signing an anti-inflation pledge "to comply with President Carter's price guidelines for 1979." Among the Texas corporations are the Stop 'N' Go and 7-Eleven convenience store chains, Weingarten's supermarkets, Dr. Pepper, Centex Corporation (Fox & Jacob homes), Skillern's drug stores, Austin's Brackenridge Hospital, Lone Star Gas, Shell Oil, and Austin's Capital National Bank (a subsidiary of Texas Commerce Bancshares).



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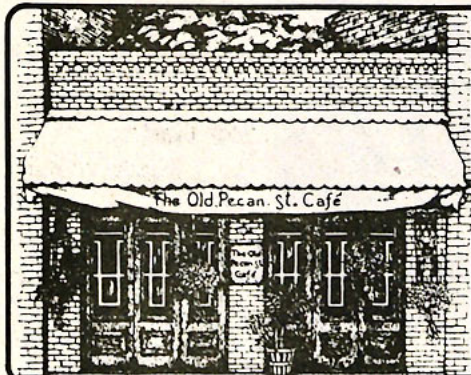
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QUARTERLY REPORT

To Fight Inflation in the Next Congress

In my last Quarterly Report¹ I called inflation our common enemy and pointed out some ways in which we were acting, or had acted in the last Congress, to unload wasteful costs. I want here to further identify the major sources of inflation and suggest a more comprehensive program to fight it.

For the past nine months, basic necessities have risen at an annual rate of 11.6 percent, more than twice the rate of increase for luxuries.

The new inflation in basic necessities results from excess costs—**not** excess demand. Many of these costs are avoidable or controllable. To get at them, they need to be studied on a case-by-case basis. Here are just a few:

(1) An item that measures in the cost of every product is energy; and, if energy costs are forced up by cartel-manipulated prices, these costs are avoidable.

(2) Another major source of excess costs is interest. To increase interest rates in the way that it is being done today is **inflationary**, not deflationary.

(3) There is much cost which is avoidable in insurance. For instance: health insurance should not carry the cost of hospitalization in instances when outpatient care is adequate and preferable; auto liability insurance should not carry its present heavy overload of attorneys' fees and adjusters' costs.

(4) There are excessive costs occasioned by monopoly positions. Houston utility users should not have to pay the railroads 40 percent more for hauling a ton of Montana coal than was quoted to our major utility company just a few years ago.²

(5) A third of our car repair costs should **not** go for work and parts which are unnecessary and work which is performed because of faulty diagnosis or downright fraud.

The list goes on and on: excessive moving costs, oppressive funeral costing practices, over-priced services in buying and selling property (title guaranty, legal fees, surveying charges, etc.). All the big and little items of avoidable cost, added together, afford the major impetus for our present inflation.

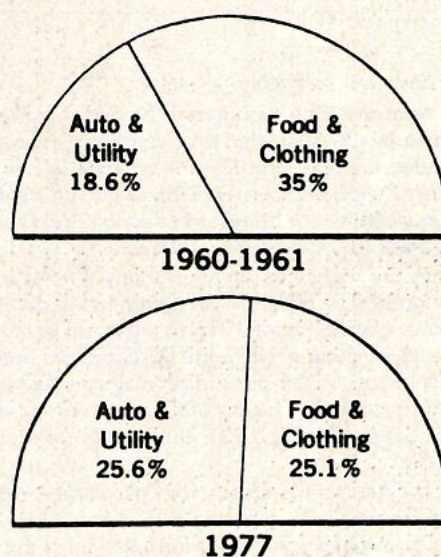
Let us ask first: What is wrong about our society that these avoidable costs can be loaded on the consumer?—and second: Is there anything we can do about it by any government action?

On the first point: There is certainly something wrong when our economic society operates on —

The good old rule . . . , the simple plan,
That they should take, who have the power,
And they should keep who can.

Let me show you graphically what has happened to one-half of the consumer's dollar from 1960 to 1977. About half of it has been spent for the four items: food costs, clothing costs, automobile costs, and utility costs.

Here is what has happened to half of the dollar:



Thus, the scramble for the consumer dollar is going to the strong. Much of the cost associated with your automobile and with your gas and electric bill has to do with the price of oil and gas.

Inflated Price of Oil and Gas

Let us look at how the prices of oil and gas have gone up in the last decade:

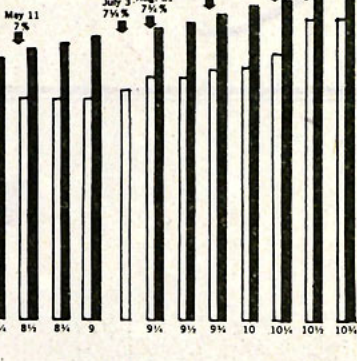
Year	Average Domestic Crude Oil Prices at the Well-head (Actual Dollars Per Barrel) ^a	Average Wellhead Price of Natural Gas Texas Sales (Cents per Mcf) ^a
1968	2.94	11.1
1969	3.09	11.2
1970	3.18	12.1
1971	3.39	14.4
1972	3.39	13.9
1973	3.89	19.5
1974	6.87	34.7
1975	7.67	62.8
1976	8.18	80.0*
1977	8.57	101.2*
1978 First Half	8.83	110.3*

* This data is prepared on a fiscal year basis.

The price of oil directly affects the price of gasoline which is, of course, a major part of the cost of operating an automobile.

The cost of gas directly affects the cost of electricity in Texas, since gas is currently the principal source of energy from which our

Sept. 22 8%
 Oct. 16 8½%
 Nov. 1 9½%



ditionally considered in Texas the rates become usurious. Today it is the "good risk" borrower can obtain it is reflected in everything you buy, much more profound than its indirect to "driving up the money supply."

of housing costs, tightening credit in-
and me to pay higher interest rates
just one year, from July 1977 to Ju-
I have added a full one-half percent
inflation in the economy.

operating an automobile provides. As higher interest rates translate into higher financing costs, the cost of owning a car has surged upward by about 10% (assuming 10,000 miles of driving a year). This increase is due to higher interest rates. The cost of interest charges on automobiles rose from 3.93 cents per mile in 1977 to 4.13 cents per mile in 1978, a 5% increase since last year, and a 50% increase since 1973. This year the price of gasoline has risen 10% more per mile in interest charges than it has in the cost of fueling the car (4.06 cents per mile).

but four times as much net interest in 1990 as they were paying 10 years ago and 170 percent as much net interest in 1980 as they were paying in 1970. In other words, the net interest income, as they were paying in 1970, was 170 percent as much as they were paying in 1980.

monetary policy is not working to the contrary, it is exacerbating it. Interest rates should be lowered.

4. *Chrysomelids*

Health Care Costs

Research Service of the Library of Congress. Costs per patient day have risen much faster than prices in the economy as a whole. For example, the level of consumer prices rose by about 100 percent by 1976, the average cost of a day of hospital care was more than 1,000 percent. Even in the case of Medicaid (1950-1966) costs per inpatient day rose 7 percent, exceeding the increase in the cost of living more than five percentage points. The increase in medical and hospital costs significantly exceeded the general budget since the Federal Government became the major purchaser of personal health care (including Medicaid and Medicare programs).

for cost savings to consumers and competition and efficiency in the de-

livery of health care services. Nurse practitioners, psychologists, and nurse anesthetists can often provide many of the same services as physicians at more reasonable rates. Yet, competition by these non-physician health care providers is limited. In many cases, private and federal plans refuse to pay for services unless they are rendered under the direction of a physician and are billed by a physician. Action must be undertaken, including federal legislation, to assure that nurse practitioners, psychologists, and other alternative health care providers are not excluded from reimbursement mechanisms.

In addition, increased use of outpatient services could result in substantial consumer and taxpayer savings. The evidence suggests that up to one-fourth of surgical procedures now performed in hospitals might be performed without hospitalization. If up to 25 percent of these procedures can be performed with equal safety on an ambulatory basis, significant savings would result. A major factor which may contribute to this excess hospitalization is that consumers receive little, if any, reimbursement if the surgery is not performed on an in-patient basis.

Preventative measures can also be utilized to fight escalating health care costs. This is particularly true in the area of cancer prevention. Rough estimates indicate that \$1.8 billion per year is spent solely for hospital care of cancer patients. To these direct expenditures must be added indirect costs. One estimate cited by the General Accounting Office is that the annual cost of cancer is \$15 billion, of which \$3-\$5 billion is attributed to direct care and treatment and the remainder attributed to the loss of earning power and productivity.

Today, there is growing recognition that 60 to 90 percent of all cancer may be related to environmental factors, including man-made chemicals. Cancer rates are particularly high in heavily industrialized areas such as the Texas Gulf Coast. In recognition of this fact, I authored the Toxic Substances Control Act of 1976. This Act represents a comprehensive measure to protect the public from exposure to hazardous chemicals. The challenge now before us is to ensure that the legislation is effectively implemented so as to achieve the health benefits envisioned by the legislation. At the same time unnecessary regulatory burdens must be avoided. Otherwise the cost-effectiveness of the legislation will be severely undercut.

What Should Be Done

Inflation cannot be stopped by any single measure. In my opinion, no comprehensive course toward its cure has been outlined by the President, by Congress or by any administrative agency. I shall attempt to outline concepts that should be included in such a program.

It should go without saying that public funds should be spent frugally. However, to assume that the increase of federal indebtedness is the major cause of inflation and therefore that a rigid ceiling on government expenditures will cure, or even quite substantially ameliorate, inflation is to make a wrong assumption and to nurse a false hope.

Private debt has gone up much faster than public debt, and the sum total of reasonably avoidable costs to the consumer in his or her private dealings is vastly in excess of wasteful public expenditures. But since there are many instances of dramatic public waste, and since Congress can take direct action in this area, I shall men-

tion this first in the list of actions that should be taken against inflation:

- (1) Cut government waste.
- (2) Enforce antitrust laws.
- (3) Encourage competition by: (a) eliminating restrictions to it, as in air fare deregulation; and (b) facilitating competitive modes, like coal slurry pipelines.
- (4) Do **not** remove controls on the price of products whose price is determined by cartels or monopolies—like oil—unless resultant revenues are fully returned to the consumers.
- (5) Do not **increase** but **reduce** interest rates.
- (6) Reform insurance procedures to: (a) provide reasonably priced hospital care; and (b) provide auto insurance which assures, on a no-fault basis, prompt payment of ordinary economic losses in cases not involving serious bodily injury.
- (7) Provide legislation that supports fair dealing in the marketplace, affords consumers information, and provides enforcement of consumer rights.

This last item is of greater importance and needs some amplification.

A few years ago, I wrote and won approval of the Motor Vehicle Information and Cost Savings Act of 1972. It contained some very direct consumer protection provisions—that bumpers be made to withstand slow speed collisions without incurring repair costs and that odometers not be tampered with. But other provisions of the bill to reduce repair costs were never implemented by the Republican administration then in power.

My subcommittee held hearings on avoidable auto costs in Washington, Houston and Chicago. Information gained there will form the basis for further action in curbing the enormous escalation of such costs.

Also, a few years ago, I joined John Moss in fashioning and winning enactment of the Magnuson-Moss Warranty Act providing standards for full warranties. Auto manufacturers have avoided its provisions by giving "limited" warranties. I would amend this act to require that auto manufacturers give full warranties so that you can get your car repaired without unreasonable delay or get a new one.

Cutting waste, enforcing antitrust laws, encouraging competition, keeping interest rates down, curbing cartel-engendered prices, and preventing rip-offs—these seem to me the most straightforward ways of controlling inflation. They restrain those who **cause** inflation rather than punishing the people who suffer from it—as would high gasoline prices and high interest.

1. "Inflation, Regionalism, and the Lobby," **Quarterly Report**, Summer 1978.
2. "Gas, Coal, and Your Utility Bill," **Quarterly Report**, Spring 1978.
3. Federal Energy Administration, **Energy in Focus: Basic Data**, May 1977 (1960-1976 Data). Energy Information Admin., **Monthly Energy Review**, October 1978 (1977-1978 Data).
4. Governor's Energy Advisory Council, **Texas Energy: A Twenty-Five Year History**, 1977 (1968-1975 Data). Texas Comptroller of Public Accounts (1976-1978 Data).
5. Federal Power Commission, **Typical Electric Bills** (Annual Volumes).
6. "The Gas Price Issue," **Quarterly Report**, Winter 1977.
7. This is the level which the average price of all controlled oil must not exceed under the Act. Old oil is now at approximately \$5.46 per barrel and new oil is approximately \$12.08 per barrel. All prices are as of June 1978.

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Who'll shackle whom?

Union

*By Bob Sindermann Jr.
and Viki Florence*

Austin

Joe and Bill Coors, who run the Adolph Coors Brewing Company, still have an awful lot to learn. Granted, they have finally realized that, if they want to stay in business, they must stop relying on word-of-mouth to sell beer and begin to market and advertise as aggressively as their big-name national competitors do. And granted, too, they now allow their corporate spokesmen to go beyond "no comment" when talking to reporters. But it hasn't dawned on them yet that Local 366, the tenacious Golden, Colorado, branch of the Brewery Workers Union, remains a force to be reckoned with. For although the local's 21-month-long strike is off for the time being, a nationwide AFL-CIO boycott of Coors beer, called in support of the strike, is still on.

Both sides see the "real issue" clearly—which, as Joe Coors told the *Wall Street Journal* in January, "is who's going to run this brewery, and it's not going to be the unions." Added brother Bill: "I see no resolution to our conflict with the unions. We're convinced we can sell beer without them."

Sales figures for Coors, the fifth-largest brewer in the country, show otherwise. Since the boycott began in the spring of 1977, Coors sales in California, the company's biggest market, have been cut more than 50 percent. And late last summer, boycott efforts intensified here in Texas; by fall Coors had lost 14 percent of this, its second-largest market, according to boycott coordinator Evelyn Desmarais. Even chairman Bill Coors admitted to shareholders last year that the boycott was having a "material effect" on sales. Desmarais, who worked at the Colorado plant for three years before the strike, also notes that

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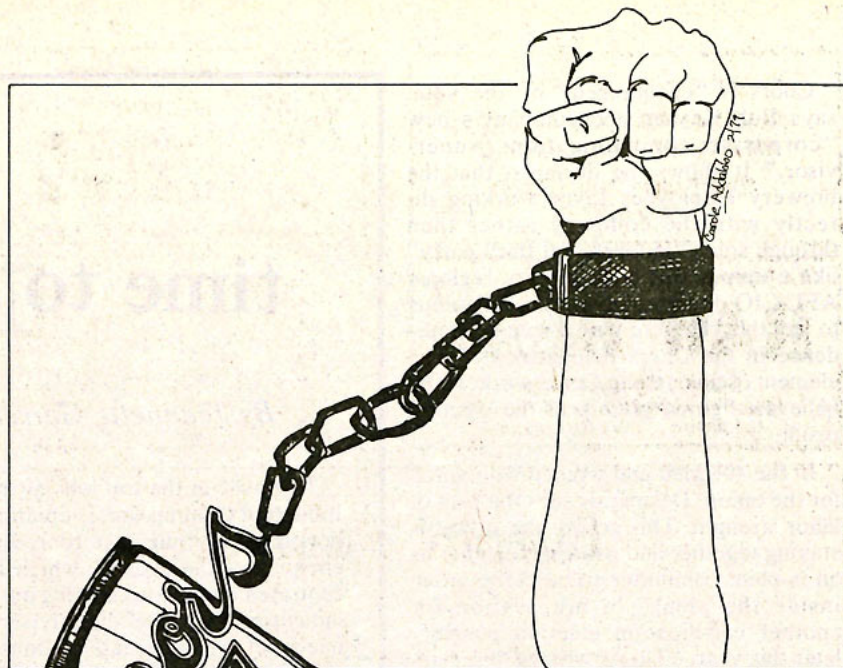
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busting at Coors



everywhere in Texas outside Dallas-Fort Worth, Coors sales have continued to decline.

But the boycott didn't save the strikers from a major setback in mid-December. After many months of legal battling (involving the union, the National Labor Relations Board, a federal district court in Colorado, and Coors), the brewer's employees—excluding the strikers, but including workers hired to replace them—voted to decertify the union and thus end the strike. And it's anyone's guess whether Local 366 will be able to regroup.

The battles began in 1976 when Coors eliminated the top three job classifications for plant employees—a move that, in effect, demoted 115 workers. These demotions had a trickle-down effect, until nearly 400 workers in all were affected, says David Sickler, an AFL-CIO field representative who worked in the Coors plant for 11 years and is now national coordinator of the boycott. The local union filed grievances with federal labor authorities and, in March 1977, a federal arbitrator awarded full back wages to the 115 workers originally demoted. Coors's "ultimate arrogance," recalls Sickler, was its defiance of that back-pay award. The union's only recourse was to ask a federal district court to enforce the arbitrator's decision and then to strike in April 1977.

Local 366 didn't strike only because of the back-pay dispute, though. Other issues were at stake: the effective abolition of employee seniority, forced physical examinations to find excuses to fire older workers, and "police-state tactics" such as on-the-spot body searches and lie-detector tests, for example (*Obs.*, June 3, 1977). After investigating these union complaints, the NLRB formally charged Coors with unfair labor practices shortly after the strike began. From what she's heard, Desmarais says, those

policies are still in effect today, now that the company "has what it wants: a full work force and no union." Labor practices of other brewers aren't like those favored by Coors. "I know people personally that work for Budweiser, Miller and Schlitz," she says, "and none of these companies" treats its workers as shabbily as Coors.

Sickler also points to brewery worker wages that are well below the industry average and to benefits offering only half the coverage common in the industry. The average hourly wage of a brewery worker last year was \$8.43, but Coors paid only \$7.99, counting a 6 percent increase that took effect in February 1978. This year the gap between the industry standard and the Coors wage is even wider. Budweiser, Schlitz and Miller are all settling with their unions this time around for \$10.20 an hour, while Coors will be paying only \$8.47 if it comes through with a scheduled 6 percent increase this month.

What is there to the claim by Coors that its brewery workers average \$21,000 a year, well above the industry average of \$17,000? A lot of mandatory overtime, says Desmarais. From May to September each year—the season of highest beer sales—Coors institutes what it calls a "universal work week," in which employees work for seven days straight before getting one or two days off. Each of those work days can last as long as 12 hours. But while she was putting in all that overtime at the plant, Desmarais remembers, she never earned as much as what Coors was calling its "average" salary.

In May 1978, a year after the strike began—and before anything was settled regarding back pay—the Coors management petitioned the NLRB for a vote among plant workers on union representation, knowing full well that, under the National Labor Relations Act, workers who were by then still on strike

would be ineligible to vote. Some of the 1,472 original strikers had returned to work, but most had not. These Coors had replaced with strikebreakers.

The strikebreakers included more women and members of ethnic minorities than Coors had ever before seen fit to hire. For years, chicanos had charged that Coors's hiring and promotion practices were discriminatory. The company had also been in trouble with the Equal Employment Opportunity Commission for not hiring minorities, and a Coors personnel officer cited the strike as a great opportunity to start taking on enough minority workers to meet the requirements.

Management campaigned actively among these workers, telling them they would surely be replaced by strikers if the union won the vote. The NLRB blocked the election, however, until the dispute over back pay was cleared up. Then, last October, Coors agreed to pay \$254,629 to the 115 demoted union members, thus clearing the way for a mid-December vote on union representation. Coors supervisors stepped up their propagandizing and began wearing buttons that read "Vote No—Ask Me Why." Evelyn Desmarais says employees were told that "if they voted the union out, the boycott would end and that would eliminate the threat of layoffs because of poor sales."

Striking union members, some of who had by then lost their cars and homes, were reluctant to campaign "among the scabs who had sold them out," says David Sickler. "The most crushing blow of all for them was that their destiny was up to the people who had abandoned them." Under those conditions, and with the strikers ineligible to vote, Desmarais says, "there was no way we could have won this election." The vote count was 993 to 408 against the union.

Coors is "encouraged" by the vote, says Bob Keyser, the company's new "corporate communications supervisor." It shows, he declares, that the brewery employees favor working directly with the company rather than through some "independent third party" like a union. But Nick Kurko, regional AFL-CIO director, says, "It's ridiculous to say that the vote was a vote of confidence in the Coors management." The element of fear among Coors workers, he believes, figured greatly in the election result.

In the 408 men and women who voted for the union, Desmarais sees the root of labor strength. This group, she says, "is staying together and working together as an in-plant committee to build the union inside the plant" in preparation for another certification election possibly later this year. "This is why we'll remain a union and work so hard," she vows—"because we do have the nucleus of people to do the job." Outside the plant the union maintains an office, and most of its members have hung on in Golden, despite the dearth of jobs in that economically depressed area.

Local 366 isn't alone in its fight. The national AFL-CIO has renewed its sanction against Coors and is extending its boycott efforts to all 16 states where the beer is currently sold. AFL-CIO president George Meany declared last spring that "Coors has placed a price tag on human rights, and it is up to the labor movement to ensure there is no profit in denying Coors workers their human rights." In all, Sickler says, 186 organizations have lent their support to the boycott, among them the Teamsters, the Longshoremen, the United Auto Workers, the United Farm Workers, the United Mine Workers, the American GI Forum, chapters of the American Civil Liberties Union, the National Organization for Women, the Texas Women's Political Caucus, the NAACP, the League of United Latin American Citizens, the A. Philip Randolph Institute, and the Labor Council for Latin American Advancement. Sickler is particularly impressed by the boycott drive waged by the Texas AFL-CIO, whose work, he says, has been "just tremendous."

For Local 366 and its supporters, the boycott has become a battle of wills with Joe Coors, the company's president. "He'll finally learn," says Sickler, "when he has no more money than he has brains." Says Desmarais: "It is crucial to win here, because we don't want to face another Joe Coors on another front in the future. He is an example to the business community and his attitude is 'I'll show you how to bust unions.' We want to show him that it can't be done." □

Bob Sindermann Jr. is an assistant editor and Viki Florence is a staff assistant of the Observer.

TIC: time to turn it around

By Jeannette Garrett

Austin

Turnover in the top jobs at the Texas Industrial Commission is creating an opportunity at long last to redirect the energies of the agency, which has concentrated mainly on courting out-of-state industries instead of directly serving the needs of Texas small businesses and working people (*Obs.*, Oct. 6, 1978). The 12-member commission has four new members already, four more seats are due to be filled by Governor Clements, and TIC has a new executive director for the first time in ten years. However, whether the shift in personnel will actually mean a turnaround in policy remains to be seen, and the early returns on the new management are decidedly mixed.

For one thing, the four new commissioners (all named by Dolph Briscoe) seem to be cut from the same cloth as their predecessors—they're businessmen and professionals of the boosterish persuasion. Zack Burkett of Graham, for instance, is the owner of a highway construction firm, a director of the Associated General Contractors of America, and was one of the interested parties who helped Briscoe rush his bloated highway construction appropriation bill through the '77 Legislature. Attorney Don Adams, appointee to one of the three commission slots reserved for rural representatives, is a former state legislator who served a stint as Briscoe's jack-of-all-trades in the governor's office. He is also a lobbyist for the Texas Association of Business and for a business coalition out to rewrite the law on products liability in its favor during the current legislative session.

The third new face on the commission is Jim Sale of Dallas, vice president and director of Weber, Hall, Cobb & Caudle, Inc., an investment firm. Sale has been an active figure in the Dallas Security Dealers Association. Ray Clymer, president of Golden Distributing Company (which distributes Coors beer) in Wichita Falls, is the other recent appointee. He also owns a controlling interest in CBS Inc.'s Wichita Falls television affiliate, and was named "outstanding industrial developer" a few years back by the Texas Industrial Development Council, a hybrid public/private group (in which many TIC officials are involved) devoted to the ideal of industrial expansion and,

by the sound of reports carried in TIC's newsletters, to mutual admiration.

In marked contrast is the background of Gerald Brown, TIC's new executive director. To be sure, he was a TIC commissioner himself from 1967 to 1977, and headed the agency's program development and research department for a couple of months before the commission picked him to run the agency. But Brown started out as a workingman, became the head of the state AFL-CIO building and construction trades division, and served a stint as regional representative of the U.S. Department of Labor in Dallas. Brown's background also differentiates him from his predecessor, Jim Harwell, a former chamber-of-commerce official who has moved on to manage his own international agribusiness firm.

Sparing Cleveland

Harwell did his successor at least one notable service before he left—he canceled TIC's egregious plan for a February TV advertising blitz of Cleveland, Ohio, a campaign that would have capitalized on that city's economic crisis by making a direct pitch to area businessmen to pack up and move their operations to Texas. This raid into the North was to cost \$5,000, with the balance of the \$16,380 tab to be picked up by "participating professional industrial developers"—utility companies, banks and railroads from all over Texas.

The decision to cancel was made not because of belated scruples but because of fear that it might backfire, infuriate the Yankees, and attract unfavorable national attention. It was a "case of bad timing," says Bud Reed, the head of TIC's advertising department. So, although the Cleveland campaign was a bust, TIC is still enthusiastic about the basic idea of such cooperative advertising efforts with private companies, and the commission is on the lookout for "future opportunities" to try it again.

Still thinking big

When asked about TIC's use of this kind of out-of-state advertising, which invites companies to relocate here by citing the state's low unemployment compensation rates and weak labor laws, executive director Brown had this to say: "We depend on the experts to tell us what they feel will or won't attract industry." He added, "We can't hide the fact that we do have low workers' compensation."

Remarks like these from the man who has to change TIC's ways, if they are going to change, don't inspire much confidence. And Brown hasn't helped matters any with his much-ballyhooed plans for an oil and gas trade mission to China (which Governor Clements, himself an oil-drilling executive, may lead), or with his equally well-publicized promotion of sales of oil-rig equipment made in Texas to Mexico's state-owned oil industry. These are indeed worthy endeavors, but do companies like Continental-Emsco, the oil equipment subsidiary of LTV Corporation in Dallas, or Clements's own SEDCO, Inc., really need the help of the Texas Industrial Commission to cut deals with foreign governments?

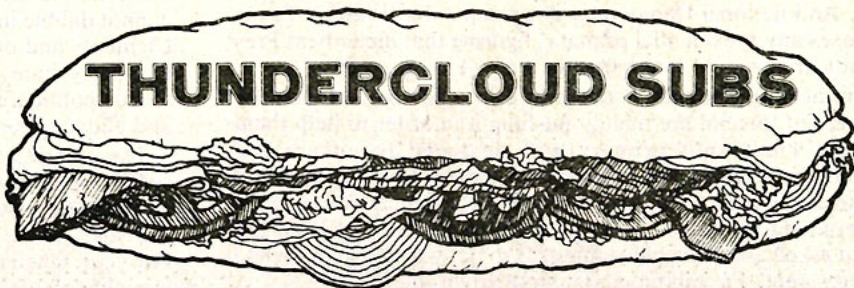
The point is that TIC has a big enough mission to handle right here on the homefront. The commission ought to spend its limited resources on programs for aid to small and minority businessmen here who are starved of capital and the know-how they need to compete with larger, well-established companies. And it ought to be cultivating stable economic development in depressed areas of rural Texas.

The right moves

Fortunately there is more to Gerald Brown's TIC than what has been appearing in the headlines. Some efforts to get help to those who need it have been underway all along, and Brown is promising to do more. The commission's minority business enterprise division is getting out front at legislative committee hearings to argue for setting aside a share of state government procurement contracts for small and minority businesses. TIC is also asking for an infusion of \$5 million into the community development loan fund it administers, so that small communities can obtain at least some of the capital they need to finance local economic development. And Brown wants to link the work of the commission's minority enterprise division more closely with the agency's other programs, so that useful business contacts can be shared.

Despite his lapses into traditional TIC rhetoric on subjects like out-of-state advertising, Brown enjoys considerable credibility with legislators who have been pushing these grassroots aid programs for years. He says TIC can be "the catalyst" in the development of Texas' minority enterprises—and indeed, it could also be the catalyst for the growth of small business generally, and for rural and small-town development. It's up to Brown and his commissioners to make it happen. □

Jeannette Garrett is an Observer staff assistant and University of Texas journalism student.



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one. And national Democratic chairman John White, a Texan, opposes any presidential primary, figuring that incumbent President Carter would fare better in a convention process.

But helping Connally is the least of it. Clayton and the other backers of this bill are mainly pushing it in order to help themselves. Their split primary was designed to ensure that Republican-minded voters dominate the nomination of Democratic candidates. "The task at hand is preserving conservative government in Texas," Clayton told the *Dallas Times Herald* when asked about his bill, adding, "I'm not worried about who'll be president. I'm talking about state government."

Here's what has Clayton alarmed: (1) If no change is made in the current law (which does not provide for a presidential primary), the Republican Party executive committee will probably put a presidential preference primary on its May ballot anyway. A hot Connally-Reagan-Bush race would pull Republican-minded voters out of the Democratic primary on that day and into the Republican column, leaving only real Democrats to nominate our party's candidates. (2) If a Democratic preference primary were also held on the same day, and a heated race developed between, say, Carter and Sen. Ted Kennedy, it would pull hordes of moderate and progressive Democrats out of their doldrums and into the polling booths. While there, these Democrats would also choose the party's state and local nominees, much to the peril of the closet-Republican candidates who have been posing as Democrats. (3) Many of the Republican-minded voters would not return in the future to the Democratic primary, having finally converted to their true faith, to the detriment of the closet-Republican wing of the Democratic party, which is Clayton's bread and butter. (4) The voting power of the state's special-interest establishment would be seriously weakened in the Democratic primary.

If the leadership has its way on this bill, neither party will be able to maintain any integrity in its nominating process. Current law does not guarantee that a person voting in the Demo-

cratic primary is really a Democrat at heart, but at least the voter has to choose which party to participate in—he or she cannot dabble in *both*. And with the recent surge that Governor Clements and others have given toward becoming a legitimate two-party state, we are beginning to bring competitive integrity to our political system, but this bill would undo that progress and allow opportunists to prostitute the two parties.

The greatest price Texans will pay for such a contrived and selfish system will be increased public cynicism, which is already alarmingly pervasive, as reflected by dismal voter turnout statistics. More than eight million Texans were eligible to vote last year, when there were legislative, congressional, U.S. Senate, gubernatorial, and other statewide seats at stake. Yet only 2.3 million of them voted—an unbelievably low 28 percent turnout.

The presidential primaries naturally produce much greater voter participation (4.2 million Texans voted in the 1976 Democratic presidential primary) and that participation should not be artificially separated from the state and local nominating process by politicians who are afraid to face the real Democratic and real Republican voters in their respective primaries. Instead of discouraging voters by making it more difficult, time-consuming, and costly to participate, we should be encouraging turnout by holding same-day nominating primaries for all offices, including president.

If enough Democratic and Republican statesmen and women cannot be found in the House and Senate to create the same-day primary, then we should enact no presidential primary legislation at all. In that event, both the Democratic and Republican state executive committees may, if they choose, place presidential aspirants on their primary ballots anyway; or they may rely entirely on the convention system. At least, this would not make the system worse, and that's more than you can say for SB 602. □

John Bryant, a state representative from Dallas, is chairman of the House Study Group.





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Near Future

This calendar is an information service for *Observer* readers. Notices must reach the *Observer* at least three weeks before the event.

March 6 / Tues. / Austin: The local Sierra Club meets to discuss formation of a state park in the Big Thicket. At 7:30 p.m., Matthews School. Information: (512) 266-1891.

March 10 / Sat. / Austin: The Texas Farmworkers complete their "March for Equality," a trek from Muleshoe to Austin, with a rally at the Capitol. For information, or to help with contributions, write Texas Farmworkers Union, P.O. Box 876, San Juan 78589.

March 10 / Sat. / Houston: "Women in the Workforce: Yesterday and Today" is a series of statewide seminars. The Association for Advancement of Mexican-Americans hosts this

one. Information: Linda Medina (713) 524-8494.

March 10 / Sat. / Houston: The Texas Republican Party holds a "Ray Barnhart Appreciation Dinner." Details to be announced. Call Gary Hoitsma (512) 477-9821.

March 15 / Thurs. / Houston: The Texas Democratic Party honors Sen. Lloyd Bentsen, Lt. Gov. Bill Hobby, Atty. Gen. Mark White, and former Atty. Gen. John Hill with a fundraiser and reception. Tickets \$25 each. At the Shamrock Hilton. Information: Billy Goldberg (713) 772-7781.

March 15 / Thurs.: Last day to apply to ACORN (Association of Community Organizations for Re-

form Now), which is seeking organizers for 14 states. The group works for "political and economic justice for its low and moderate income membership." Training provided for people interested in social change. Contact ACORN, 503 West Mary, Austin 78704; (512) 442-8321.

March 16 / Fri. / Austin: The Austin Women's Center begins a five-week workshop for women 35 or older who are planning to re-enter the workforce. Fee: \$25. Information: (512) 472-3775.

March 17 / Sat. / Houston: The Texas Democratic Party holds a public education workshop for educators from all parts of the state. Information: John Odam (512) 651-3765.

March 18 / Sun. / Glen Rose:

The Armadillo Coalition holds a "teach-in" at the site of the Glen Rose nuclear plant. Information: Jim Schermbeck (817) 534-3720.

March 22 / Thurs. / Austin: Amnesty International meets at 8 p.m. in the Texas Union, UT campus, Room 3.116. Information: John Hollrah (512) 476-1341.

March 29-April 1 / Thurs.-Sun. / San Antonio: The tenth national conference on women and the law features 135 workshops on women's issues. Vilma Martinez, president of the Mexican-American Legal Defense and Educational Fund is keynote speaker. Preregistration information: Women's Law Caucus, UT Law School, Austin 78705; or call (512) 471-7751.

—Vicki Vaughan

Arthur Rothstein, Russell Lee and Marion Post Wolcott gathered in January with the other three surviving members of the Farm Security Administration's team of 30-plus photographers who documented the agency's work during the depression years. The occasion, an Amarillo Art Center symposium on the impact of the FSA photography, brought them all together for the first time since the 1940s.



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Dialogue

Subsidy for the well-off

Congratulations on clear, comprehensive coverage of the proposal to raise the ceiling on mortgage interest (*Obs.*, Feb. 16).

In mentioning the income tax subsidy for homeowners, Durward Curlee failed to mention that the deduction is claimed by only a fraction of the families paying for mortgage financing. They must itemize deductions to claim it. Unless all the items they can list on Schedule A amount to more than \$3,200 (on a joint return), they can't afford to claim the subsidy. The consumer may or may not realize these limitations.

Margaret Carter
Fort Worth

Taxing solar devices

It's not often that I edit the *Observer's* copy, but the article "Something good" (*Obs.*, Feb. 2) needs some fine tuning. You reported that State Sen. Bob Vale has introduced legislation to exempt solar energy devices from the state sales tax. His bill, SB 204, in fact exempts such devices and wind energy devices from ad valorem taxes. Former Rep. Lane Denton helped pass the sales tax exemption in 1975.

But while you are on sales taxes for solar devices, I thought you'd like to know that we are revising our Rule .065 on solar energy to clarify the exemption. The revised rule will more clearly state that component parts of solar energy devices, as well as the devices themselves, qualify for the exemption. This will remove any discrimination between factory-built and homemade devices and will place experimental models on the same level as established technology.

You may want to encourage your readers to give us their comments on the rule change.

Bob Bullock
Comptroller of Public Accounts
Austin

Fallen politicians' relief?

Is there some reason for the proposal from a few Texas legislators to build a new state prison on the Mexican border?

Surely none of those folks is afraid of getting caught and already planning an easier escape. . . Are they? Couldn't we save on transportation costs, instead, by building it at about 15th Street in Austin?

Perhaps the proposal should be called the "Fallen Politicians' Relief Act."

H. Evans
Austin

ACORN & tax reform

In regard to a Political Intelligence article "Exposed roots" (*Obs.*, Dec. 29, 1978), we would like to clarify an important point. Although Paul Jennings is correct that Texas ACORN cannot and will not support tax limitation, the Gulf Coast ACORN executive board voted unanimously at its December meeting to take a position *neither* in opposition *nor* support of the current tax protest group proposals. This was done in an effort to force the city to provide a progressive tax reform alternative. As Jennings accurately points out, Texas ACORN's concern is that the city address the question of equity. We will be working with tax protest group people to insure that the city comes up with a fair and equitable tax plan. Should the city feel that the tide is turning against the tax protest group proposal, they will try to defeat it at the polls. With no hope of a progressive reform alternative, the taxpayers of Houston will suffer!

Fred and Carrie Estes
Gulf Coast ACORN executive board
Houston

Lifting the lid

Your commentary "Keeping the lid on the prisons" (*Obs.*, Nov. 3, 1978) just came to my attention but still prompts me to write to congratulate you for not taking the easy way out in accepting the word of prison officials as gospel.

It was disheartening to many of us who are incarcerated in the Texas Department of Corrections to witness the media's handling of the events you related. Although my imprisonment is on a unit which was not involved directly in the strikes, we were all well aware of what was happening. The inaccuracy of the media in reporting events and in seeming to rely almost solely upon "news releases" from TDC actually appeared to be the result of overt collusion.

However, amid all of this apparent "cover-up" journalism, you have come along and made known that you just aren't buying it. Your commentary was like a breath of fresh air to all of us who've had an opportunity to read it.

A TDC inmate
Huntsville

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