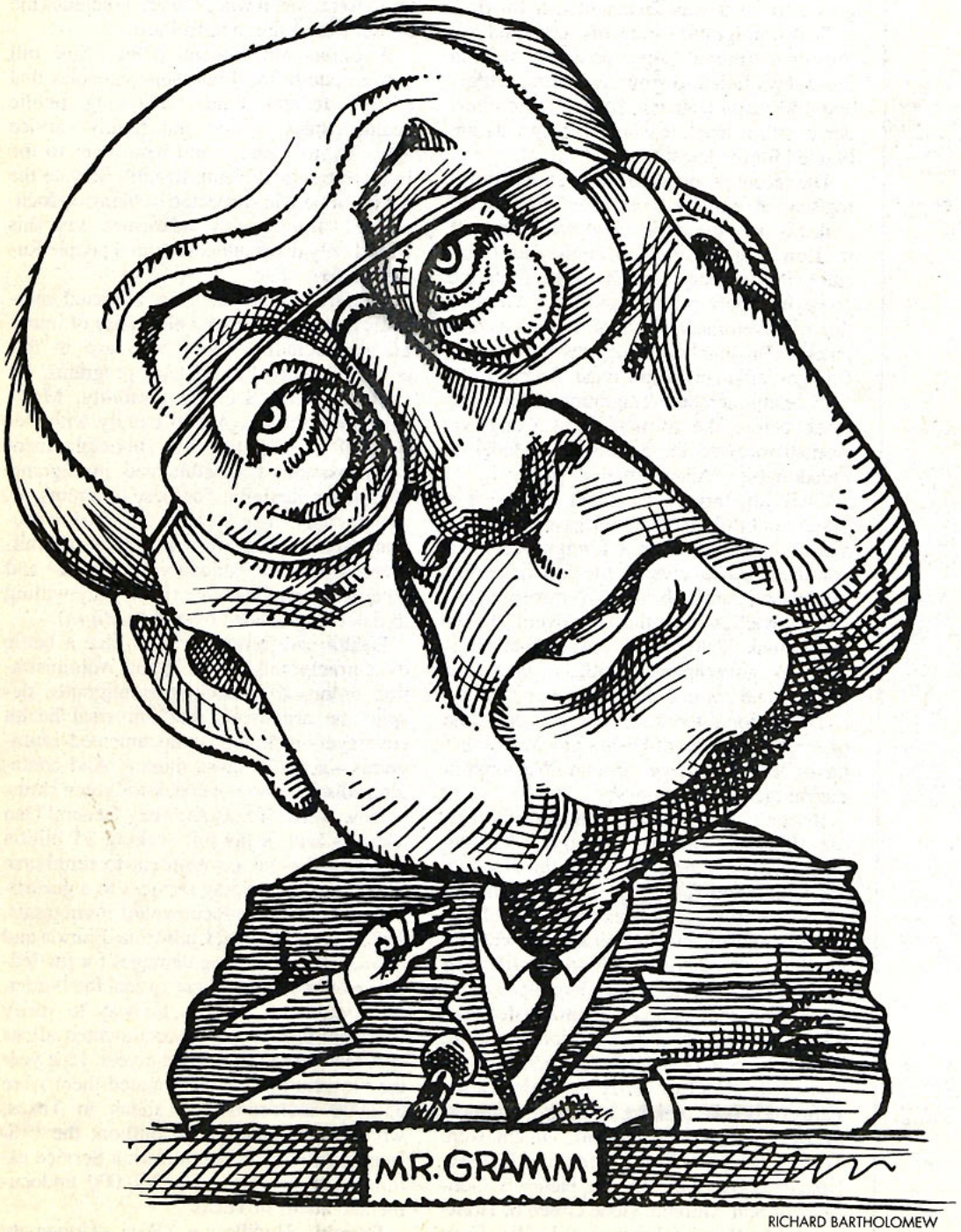
THE TEXAS Observer

A JOURNAL OF FREE VOICES

AUGUST 19, 1994 • $1.75

BOB SHERRILL LOOKS AT TWO BOOKS ON CLINTON

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RICHARD BARTHOLOMEW

What Phil Gramm Forgot

Hallmark Savings, Jerry Stiles, The FSLIC, RTC, FDIC, FBI...

PLUS

Barbara Jordan, Big Brother, and Blockaded Borders

The Medium, the Message, and Mexico's Media Monopolies

THE TEXAS Observer

A JOURNAL OF FREE VOICES

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Blame the Newcomers

IMMIGRANTS HAVE BEEN targets for nativist demagogues in Texas ever since the 1830s, when Mexican authorities tried to cut down on undesirable immigration of Anglos into what was then northern Mexico.

The immigration reforms enforced by President Antonio López de Santa Anna in those days failed to stop the Texian settlers and 160 years later the Texas-Mexico border is still a frontier where immigrants are blamed for the latest ills.

The recent proposal to establish a national registry of eligible workers in the United States is only the latest attempt to choke off the flow of undocumented immigrants. Ironically, this registry, which raises profound questions about privacy and the accumulation of government authority through a computerized national database, was proposed by Barbara Jordan of Austin, chair of a presidential Commission on Immigration Reform, the week before the former Texas Congresswoman received the Presidential Medal of Freedom (see "Alien Notions," pg. 4).

Civil libertarians complain that such a system not only would subject anyone with a dark complexion or a foreign accent to continual status checks by police, banks, merchants, landlords and government agencies as well as potential employers. It also would make data on every American available to government officials, computer hackers and commercial interests.

The national worker registry is only one of several immigrant-bashing measures that have been bouncing around Washington during the past few months.

It seems as if every bill that goes through the hopper attracts immigrant-bashing amendments. When HR 3838, the Housing and Community Development Act, came up for a vote July 22, Rep. Jay Kim, a California Republican, attached an amendment that would deny emergency food, shelter and other support services to undocumented immigrants except after presidentially declared disasters. The amendment would require homeless shelters and soup kitchens that receive federal aid to verify the immigration status of people seeking help. In the minority of 176 opposing the amendment were Texas Democrats Ron Coleman of El Paso, Kika de la Garza of Mission, Henry B. Gonzalez of San Antonio, Gene Green of Houston, Eddie Bernice Johnson of Dallas, Greg Laughlin of West Columbia, Solomon Ortiz of Corpus Christi, Jake Pickle of Austin, Frank Tejeda of San Antonio and Charlie Wilson of Lufkin. Very few Hispanic names were among the bipartisan 226 who voted for the immigrant-bashing amendment, but one of them was Henry Bonilla, the San Antonio Republican whose district includes the border from Laredo to El Paso.

A similar amendment to the crime bill would require local and state agencies that receive federal funds, including public health clinics, police and family service agencies, to identify and hand over to the Immigration and Naturalization Service the names of people suspected of being undocumented. Immigration advocates say this would only drive undocumented people further underground.

Welfare reform also has attracted measures that would restrict eligibility of immigrants—including those who are in this country legally—for federal programs, including Social Security disability, Medicaid, food stamps, Aid to Family with Dependent Children and unemployment compensation. Undocumented immigrants already are ineligible for these programs, although they may qualify for health programs for pregnant women, infants and children, Headstart education programs and emergency medical care (if they are willing to risk being handed over to *la Migra*).

Health care reformers also face a battle over immigrants. The Clinton Administration proposed to exclude immigrants, despite the arguments that universal health coverage—including undocumented immigrants—actually saves money. And contagious diseases do not check for green cards.

Now comes Texas Attorney General Dan Morales with a lawsuit seeking $5 billion from the federal government to reimburse the state for providing services to a guesstimated 876,000 undocumented immigrants. Texas joins Arizona, California, Florida and New Jersey in seeking damages for the federal government's failure to seal the border. The trouble is, there is no way to verify Morales' claims that undocumented aliens cost the state $1.34 billion a year. Last year the Governor's office estimated there were 550,000 undocumented aliens in Texas, who cost the state $166 million; the U.S. Immigration and Naturalization Service estimated there were only 350,000 undocumented aliens in Texas.

Donald Huddle, a Rice University economist, concluded in March that illegal immigrants cost Texas $1 billion more than they pay in taxes. But the Urban Institute in

May reported that immmigrants contributed $28.7 billion to the national economy every year. The Rand Corporation in 1986 found that immigrants nationwide received $5 billion worth of welfare—but as a group they paid $90 billion in taxes.

Morales said undocumented immigrants paid $409 million in federal taxes but the federal government refuses to pay for the additional health, education and law enforcement services their presence requires. He said Texans paid $623 million to educate undocumented immigrants during the 1992-93 school year, ignoring the state sales taxes and other taxes as well as local property taxes that all residents pay, which support the public schools. Morales claims the state spent $534 million on health care and $183 million on criminal justice for illegal aliens in 1993.

Many Texans seem to think undocumented aliens get a free ride on taxes. "If being undocumented were a way to avoid paying taxes there would be a lot more people wanting to get undocumented," said Carmen Rumbaut, an attorney for the Mexican American Legal Defense and Educational Fund. "[Being undocumented] is a way to pay taxes and not get the benefits you paid for."

The state's lawsuit was filed in federal district court in Brownsville on behalf of the city of Odessa, Harris, Dallas and Hidalgo counties, Harris, Dallas and Bexar county hospital districts and the El Paso and La Joya school districts along with the state. Governor Ann Richards, one of the named plaintiffs, supports the lawsuit. Morales denies the lawsuit contributes to immigrant bashing, but the press release announcing the lawsuit included the statement that for the money the state spends on educating undocumented immigrants, "we could give all Texas teachers a $2,000 pay raise. We could buy the textbooks for elementary school children that we didn't have the money for this year and we could make sure all school kids in Texas are immunized." All because the money goes to educate undocumented aliens.

It may not seem like immigrant bashing to Morales, but Rep. Roberto Alonzo, the Dallas Democrat and chair of the Mexican-American Democrats, said it can only add to the anti-immigration hysteria, with an inevitable backlash against the entire Latino community. "When somebody looks at you, are they going to know whether you're undocumented?" he asked. "We've had situations in North Texas where people are criticized just because of the way we look and our community is less able to defend itself."

Paul Parsons, an Austin immigration lawyer and chairman of the State Bar of Texas' committee on immigration, said aliens are a convenient scapegoat on whom to blame the ills of the school system, the stagnant economy, poor access to health care, environmental problems and even traffic congestion. "These are fundamental problems," he said, but it is easier to blame immigrants than to address the roots.

MALDEF's Rumbaut said Texas should not congratulate itself at the relative lack of immigrant bashing. "California is going through an economic crisis; they're suffering severe economic setbacks and they're looking for people to blame it on. We see it in Texas in education and health care and social services and that's where Texas is hurting."

Rumbaut said the Morales lawsuit will keep Texans from facing the real economic problems that the immigrant bashing masks. She also expects hostility against undocumented persons to spill over into the Latino community at large. A San Antonio TV crew followed up Morales' news conference by panning the Hispanic faces at a local health clinic, suggesting all were undocumented.

Few undocumented immigrants dare to go to public health facilities, she said, noting that hospitals increasingly notify the INS when they discover patients are undocumented. She said one hospital in the Rio Grande Valley dresses its security guards in uniforms that resemble the Border Patrol's.

In her remarks to the Senate subcommittee, Barbara Jordan noted success of a border blockade, "Operation Hold the Line," which has reduced the flow of undocumented aliens into El Paso. But a study by the American Friends Service Committee questions whether the blockade has produced any benefits for El Paso.

For years, border hospital officials have complained that pregnant Mexican women wait until they are in labor to cross the border and bear their children—who are then American citizens—in Texas hospitals. Despite those anecdotes (and the fact that minor children who are citizens are not entitled to stay in the United States with their undocumented parents), El Paso hospitals have reported no appreciable change in the birth rate or the number of people seeking care at local hospitals during the blockade.

The report also found no major impact in local employment or job opportunities. Downtown merchants had mixed feelings about the reduction in traffic across the border, but retail sales, as gauged by sales tax receipts, were up slightly, due in some part to the purchases by middle-class Mexicans who continued to flow across the border.

Ironically, for all its complaints about the feds dodging their duties, the state of Texas, because of its miserly attitude toward social services, left unspent $90 million the federal government offered to ease the costs of providing for 440,000 Texas immigrants who gained a chance at citizenship in the amnesty program of 1987-88. By the end of September 1994, the state will have distributed $345 million of the $435 million allocated to Texas under the federal State Legalization Impact Assistance Grants program. The remainder will return to the federal government for redistribution; Texas did not spend all the money, Governor Richards said, because it does not have coslty welfare programs; nor did local agencies want to do the paperwork required to qualify for the grants. "We were begging them to participate," Marguerite Rivera Houze, deputy director of the Texas Office of Immigration and Refugee Affairs, was quoted in the *Dallas Morning News* July 25.

It is grossly hypocritical for Texas and national leaders to promote free trade in one breath and in the next breath denounce immigrants who come here seeking work. I'm inclined to cut a little more slack for those who opposed NAFTA and now are grousing about immigrants, *but only just a little.* Immigrants still add to the vitality of Texas and they will continue long after the current crop of demagogues go to work full-time for their respective trade associations. — **J.C.**

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Alien Notions

Washington, D.C.

THE SENATE panel was concerned with how America can keep border-hopping ethnics at bay. None of our neighbors were mentioned by name as this was a polite venue: the Senate Judiciary's Subcommittee on Immigration and Refugee Affairs. There was, however, a pall of racialist fear, a paranoid urgency about stopping the desperate incursions of the doomed who refuse to accept their sorry fates and die where they were born.

About halfway through the August 3 hearing, the Chair of the U.S. Commission on Immigration Reform, former Texas Democratic Congresswoman, Barbara Jordan, told the senators the nature of the Faustian bargain America would have to strike to ensure no postmodern Visigoths would cash a foodstamp they didn't deserve or take a job without the state's authorization.

The commission had decided—and would recommend to the President—that a computer database would have to be built containing the names of all legally resident Amerians—native and foreign-born—along with their Social Security numbers. Anyone looking for work would have to have his identifier checked against the database to assure he or she were eligible to work in the United States. No valid number, no employment authorization.

Jordan and fellow commissioners recommended that a three-year test program be begun as soon as possible in the five states most affected by illegal immigrants—Texas, California, New York, Florida and Illinois—in which the Immigration and Naturalization Service believes about 80 percent of the illegal aliens reside.

Residents of these states would be among the first Americans subject to an identity authentication technology operated by the federal government. Similar ideas have been discussed in Washington, off and on, since the 1960s but usually they have been rejected by executives and Congresses with enough common sense to understand that, despite the efficiencies such a system promises, it is antithetical to the ideals of a democratic nation.

What's different this time around? The Clinton Administration floated trial balloons about a national identification card system, which reportedly was discussed in earlier drafts of the commission's reform recommendations—until the news broke in July, leading to the traditional outcry.

During a break in the testimony, when Commission Executive Director Susan Martin was asked if the commission's recommendations were in any way connected with the Clinton Administration's ruminations about a national ID card, she was emphatic: "The commission categorically rejects the idea that U.S. citizens have some kind of card to carry around with them."

Cecilia Muñoz, senior policy analyst with the National Council of La Raza, a national Latino advocacy organization, said in a telephone interview after the hearing that she saw drafts in November of the commission's earlier recommendations that explicitly called for a national identification card system.

"It is very clear that the proposal changed in the last three weeks; the proposal at the hearing was all smoke and mirrors. It's still the same because this system will eventually require a national ID card," Muñoz said. She believes the commission, chastened by the reaction to the White House trial balloon, is moving toward the card ID system in a stepwise fashion: First the database, then the card at some point later.

But the proposal offered to the senators would require a token of some sort to authenticate the identity of job applicants—if not a "national ID card" by name. "First, employers will need a way to determine that the individual about to be hired is actually the person with that Social Security number... We have heard proposals for a more secure Social Security card, counterfeit-resistant drivers' license, and a telephone verification system," Jordan said.

Any student of computer security knows the basic rules of verifying the identity of a computer user through the double challenge. The user must be able to identify some information only that particular user would know—a password—and possess something only he would have—a token, such as a card with a magnetic strip, a barcode or an LCD display with a randomly generated number.

However, the best authentication tokens in the future will be something that the user can never lose, such as his or her voice, the shape of a hand or the pattern of blood vessels on the retina, all biometrics that are machine-readable today. So Big Brother might not need a national ID card.

When Jordan finished reading about the new employment verification database, the heat of outrage against invading aliens was suddenly cooled by concerns about the costs of secure American borders. The hearing became a rambling discussion of the technologies of police state.

Jordan, whose credentials as an eloquent legislator and scholar earned her the Presidential Medal of Freedom the following week, promised the senators on the subcommittee, "I have spent my career upholding the Constitution and the Bill of Rights. I would not be a party to something I felt to be an unwarranted intrusion into the private lives of people."

This doubtless is true. No one in that meeting room could doubt the competence, sincerity and concern for the dignity of the immigrant that was displayed by the senators and every commission witness. But Jordan and her fellow commissioners would, when their mission is complete, drift into obscurity and leave behind a database that could be marshalled by almost any government agent for almost any intent, relative to the climate that is established by the executive branch.

This fact was lost on the senators, who were quickly satisfied, despite abundant historical evidence, that the database would not be abused. Wyoming Republican Senator Alan Simpson, a perennial supporter of an ID system, chuckled at the objections he has heard to such a scheme over the years. "I've heard it all," he said with a dismissing wave.

The senators appeared enthused about the commission's recommendations and talked about enacting the proposals as soon as possible. California Democratic Senator Dianne Feinstein's response was typical: "I believe we should fund it and do it right. We should get the three-year program underway immediately. Do it fast."

Whatever reluctance there was to authorizing such a database was eclipsed by the perception that immigration is so hot a political topic that it requires immediate action, no matter how corrosive to civil liberties.

Fear of drugs has led to draconian penalties for the possession of outlawed drugs; expanded asset-forfeiture laws that allow police to seize property of suspected drug traffickers pretty much at will, forcing the victims to fight to retrieve it in court; invasive drug-testing of employees; and a breach in the wall separating civilian police and the military.

In the same way, fear of the illegal aliens threatens to lead the United States into another breathless coupling with fascism as it institutionalizes the authority to validate a human being's identity. It is an unwholesome notion, almost totally at odds with the ideals of a self-invented nation populated by self-invented people.

—PETER CASSIDY

Peter Cassidy of Boston is a freelance writer on white-collar crime and national affairs.

On Remembering and Phil Gramm

"THE BLOODY MASSACRE in Bangladesh quickly covered the memory of the Russian invasion of Czechoslovakia, the assassination of Allende drowned out the groans of Bangladesh, the war in the Sinai Desert made the people forget Allende, the Cambodian massacre made people forget Sinai, and so forth and so on until ultimately everyone lets everything be forgotten," wrote Milan Kundera in *The Book of Laughter and Forgetting*. Kundera understands that in a totalitarian state, memory is an attribute of subversion and forgetting is a civic virtue. The state depends on its subjects' forgetting.

I don't know that Phil Gramm has read Kundera. But Gramm understands something about the memory of the American public and how forgetting works in what these days passes for electoral democracy. Phil Gramm is intelligent and agile, but he is not a good enough actor to feign the moral indignation he demonstrated when questioning members of the Clinton Administration during the first round of the Whitewater hearings, which have concluded and, mercifully, will soon be forgotten.

But, Phil Gramm? Moral indignation? Was it not just five months ago, then 18 months before that, that Gramm was using a Senate committee to provide him absolution for his own moral, ethical and perhaps criminal transgressions? Did Phil Gramm not pay in 1987 one of the largest fines ever handed down by the Federal Election Commission? As Nabokov prayed in the title of his memoirs: Speak, Memory.

Gramm's ethical and legal problems, it might be remembered, go back at least as far as his 1984 Senate campaign, when the Federal Election Commission began an investigation of his campaign finances. The commission ultimately fined Gramm $30,000, but not before the Senator, in an attempt to keep his records sealed, filed suit against the FEC. "An audit is terribly expensive, probably between sixty and seventy thousand dollars," Gramm's attorney said then. "That's too costly and wasteful of the taxpayer's money and the campaign's money." (The FEC complaint was filed in 1984 by Donna Mobley of Austin, whose untimely death earlier this year was a loss to all who have worked for economic justice, civil liberties, and good government.)

"Phil Gramm is a hypocrite or a man of such rectitude that the rules that apply to mere mortals do not apply to him," wrote *Austin American-Statesman* editorial writers in April of this year, after Ralph Nader's Congressional Accountability Office asked for Gramm to be more forthright about how he might have used taxpayer money for campaign expenses. "We don't think," the *Statesman* editorial concluded, "it's the latter."

Did Gramm use taxpayers' money to pay campaign expenses? No one ever found out because the Senator received a letter from the Senate Ethics Committee's Chief Counsel, Victor Baird, absolving him of the charges raised in the complaint. According to Baird, the Senator's clean bill of ethical health was based on information Gramm provided the committee in a letter. But the Senator refused to release the letter, written by a man who is paid by the taxpayers to an institution that is funded by the taxpayers.

"Mr. Gramm, a fierce advocate of full disclosure when it comes to President Clinton and Whitewater, refuses to reveal publicly his correspondence with the committee," wrote *New York Times* editorial writers.

"The situation recalls a far more serious ethics matter several years ago," the *Times* editorial continued. "Mr. Gramm paid a Texas builder who also operated three troubled savings and loans only $63,000 for the $117,000 it cost to complete a waterfront house in rural Maryland. In January 1990, Senators Howell Heflin and Warren Rudman, then chairman of the Ethics Committee, hastily gave Mr. Gramm a letter declaring that the builder's hefty contribution to the Senator's home was merely a cost overrun and not a 'gift' under Senate rules.

"They relied on still undisclosed affidavits from Mr. Gramm and the builder that, apparently, neglected to mention the Senator's contacts with regulators on behalf of the builder and his savings and loan. Mr. Gramm used the letter to discourage further investigation by the FBI and the Federal Deposit Insurance Corporation."

When Gramm got wind of the investigations, reporter Richard L. Fricker writes in this issue, the Senator quickly sent the builder $50,000 to cover the difference between the actual cost of the house and what Gramm had paid. What the FBI agent quoted by Fricker could not have known was that after the Senate Ethics Committee's cursory review found Gramm had violated no law or Senate rule, Gramm took the check back from the builder.

Our account of that frustrated investigation should set some to wondering how Senator Gramm kept a straight face while he questioned Assistant Treasury Secretary Robert Altman about his role in the Madison Guaranty Savings & Loan/Whitewater affair as it was played out in the Clinton White House.

THIS IS NOT TO SUGGEST that the Whitewater Affair should not be thoroughly investigated, as it seems it will be. After all, a second special prosecutor has been appointed and there will be more hearings. And if indictments or resignations are in order, well, let's get on with it. However, as Thomas Burnside, who served as a senior RTC attorney from 1990 to 1992, suggests in his *New York Times* op-ed article, there are other investigations worth pursuing. Burnside would start with what he calls the "Forgotten 50" in Texas. They cost taxpayers more than $11 billion to bail out and thus far only $42,000 has been collected from the individuals who plundered them.

Yet the RTC issued only 27 subpoenas over the five years it spent investigating the 50 Texas thrifts. Compare that to 160 issued by deposed Whitewater special prosecutor Robert B. Fiske Jr., a man scorned by many Senate Republicans who contend that he failed to do his job.

It seems that Gramm was asking the wrong questions of Altman, who did a magisterial job of elaborating on the adjective "substantive." Because according to Burnside, the "RTC's lapses became more pronounced when Altman ran the agency," between April 1993 and March 1994. "Within a month of taking control," Burnside wrote, Altman "reversed the R.T.C.'s long-standing request to Congress to extend the Federal statute of limitations on investigating S&L wrongdoings. He said that the R.T.C. no longer needed any extensions. Mr. Altman later commissioned a task force that, in a report to Congress, defend the R.T.C investigation in Texas and belittled the cost of Texas thrifts to taxpayers."

To Burnside and no doubt other lawyers and investigators who worked in the public interest against the greatest odds, the Whitewater hearings represent an opportunity, something of an *apertura*. As the new special prosecutor Kenneth Starr goes to work, rather than encouraging what occurred in the Senate committee's marathon sessions—which at times seemed like the ritual mounting used to establish sexual dominance among adult males in some primate colonies—members of the House and Senate committees should turn their staffs loose to follow the money and the paper. The Whitewater hearings could be a final opportunity to recoup some of the money and pursue the thieves who used the banking system to steal it. Because soon, all, except the public's responsibility to pay for the bailout, will be forgotten.

—L.D.

Investigating Phil Gramm

Finger a United States Senator and Lose Your Job

BY RICHARD L. FRICKER

Dallas, Washington

IN 1989 MARK HOLLANDER looked good on paper. He had graduated first in his class from Boston College Law School at age 21, he had two upper-level banking and finance degrees at age 25 and he was an honors attorney attached to the Directors and Officers Liability section of the Federal Deposit Insurance Corporation.

The honors program was designed to bring bright and talented young attorneys into the FDIC for placement on the career fast track. Hollander's story offers a micro look at the looting of the American economy, the usurping the legal system, and why every man, woman and child citizen of the republic will pay for the rest of their days for the chicanery of the Reagan administration, the FDIC and its evil twin, the Resolution Trust Corporation.

It is also an ironic story because the Republican senator Hollander, FBI Agent Dale Hackbart and RTC investigator Debbie Simmons had in their investigative gun sights until they were ordered to cease their investigations is now leading the charge for more investigations of an investment by a failed Arkansas S&L that involved President Bill Clinton when he was Governor of Arkansas. Senator Phil Gramm seems to have forgotten how his Maryland home was built or how he was involved with the owners of at least three Texas S&Ls that later failed at a cost to taxpayers estimated at $160 million.

Hollander's early assignments were to close out insignificant cases involving obscure S&Ls and banks. The unwritten rule was to make a quick determination of directors' and officers' (D&O) liability and then shuffle the case out the door. But Hollander actually began investigating. He had taken his job too seriously and after 18 months investigating S&Ls in Texas and Arizona, his career in shambles, he found himself testifying before a Senate subcommittee about the sins of the FDIC.

FBI Agent Hackbart had been transferred from New Jersey to West Texas to investigate "daisy chains," by which S&Ls sold their bad loans to sister institutions in order to hide problems from auditors. He had investigated about 35 such cases and had come to understand the consequences of the 1982 Garn-St. Germain law that deregulated savings and loans.

Hollander was quick to learn many of the same lessons. As he read investigators' field reports he discovered that these were not insignificant cases whose losses could be attributed to a bad economy. S&L owners and operators were removing millions of federally insured dollars from the S&L industry—with the knowledge that the taxpayer would ultimately bear the burden. Hollander found that FDIC, RTC and FBI field investigators not only had uncovered these scams, but had tried time and again to inform Washington. He also discovered that Washington not only wasn't interested in pursuing the investigations, but actually wanted the investigations dropped.

NAIVE TO THE CORE, Hollander believed he was serving the public good by re-energizing these cases. He couldn't have been more wrong. Hollander's investigations of Dallas-based Hallmark Savings, Merchants State Bank and Southwest Savings and Loan of Phoenix would cost him his job.

Hallmark Savings is a good map of the S&L catacombs and demonstrates how, with a little energetic planning, a North Texas developer could parlay an idea into three S&Ls, a Senate contact and millions in debt for the American taxpayer.

The history of Hallmark is a history of S&L deregulation. The enactment of the Garn-St. Germain bill in 1982, in essence, allowed S&Ls to operate as investment banks and greatly loosened the requirements for establishing or purchasing an S&L. The doors to the national candy store flew open: It seemed as if anyone with a buck who was literate enough to fill out the forms could own an S&L, although it helped if you had a friend in Washington.

All of this was a special boon to developers in the Sunbelt, because they no longer had to adhere to the stiff regulations that had been set aside by the new legislation. S&Ls could participate in real estate developments, which led very quickly to the discovery that if a developer could own an S&L, instead of having to borrow money to finance a development, he could practically print the stuff with impunity.

In 1984 Del Rio Savings was a sleepy little S&L on the banks of the Rio Grande. Jerry Stiles was a Dallas builder/developer specializing in the Plano Corridor, north of Dallas. Del Rio was for sale. Stiles formed Hallmark Savings Group Inc., bought Del Rio Savings, moved it to Plano, and re-baptized it as Hallmark Savings. He then bought two other S&Ls: New Braunfels Savings and Loan Association and North American Savings Association of San Antonio (NASA). He then created Hallmark Service Corporation (HSC) to provide management, accounting and consulting services for all three institutions. Stiles was the majority owner—100 or 95 percent—in all these associations and corporations.

This S&L network was established to finance a small conglomerate of "core builders." Most were young and virtually all were dependent on Stiles for their commercial well-being. Stiles was to be advisor for construction, marketing and financial affairs. He called his group "the boy builders." The boy builders would build on land Stiles had sold to HSC and land sales and construction would be financed by Hallmark Savings. As chairman and majority stockholder of Hallmark S&L and HSC, Stiles stood to profit at every step of the boy-builder operation, as long as the houses sold. When the housing market took its nosedive in the late '80s, the dividends from each thrift dried up. Yet Stiles continued to profit, boosting his salary as chairman to $33,000 per month in 1988.

As the builders exceeded their legal loan limits at Hallmark, they were sent to New Braunfels and NASA for refinancing. Stiles described himself as only a "member" of the group, a mentor.

But a January 1989 Federal Home Loan Bank Board (FHLBB) examiner's report says, "Hallmark originally chose 11 builders to become the nucleus of its single-family development and construction lending and has originated a significant portion of its loans to these builders." The 11 builders joined together to form Deerfield Development Company in the early part of 1985. "The results of the examination indicate that these builders were not chosen for their financial strength, and that

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Texas expatriate Richard L. Fricker lives in Tulsa, Oklahoma.

lack of strength on the builder's part, or 'staying power,' has been harmful to the association. Almost all of the builders chosen by Hallmark to be a part of Deerfield Development Company, the builders who received the lion's share of the association's single-family loans, were virtually insolvent at the time Deerfield was conceived and formed.... The results of this and previous examinations suggest that the builders may have been chosen simply because they would act as Hallmark directed."



Phil Gramm

OBSERVER FILE PHOTO

Among the bad loans cited in the report: Frank Babb Inc. had a net worth of negative $451,000 and was refinanced from $250,000 to $750,000. Christina Development, with a net worth of $78,927, had a loan increased from $500,000 to $1 million. Six months later, $100,000 was added. Less than a year from the original note, Christina's statement indicated a negative worth of $1,519,497, all unsecured loans. Tecklenburg Homes Inc. managed a $600,000 loan with a net worth of negative $2,000. The examiners listed several other loans, including loans made to Stiles' brother and father. Examiners noted that Hallmark "retains profit participations on the majority of the property financed in this area [Deerfield]. Hallmark is obviously aware of the law and its guidelines, yet has persisted in concentrating its lending efforts in projects in which they specifically have an interest."

Brokered deposits kept Hallmark's books looking good. These were $100,000 short-term CDs purchased by institutions, such as mutual and pension funds, from thrifts paying the highest interest rates at any given moment. Thrifts used brokered deposits to infuse themselves with cash, and the purchasers earned risk-free high interest. At times, Hallmark paid the highest interest rate in the country. Before deregulation, federal regulations allowed a 5-percent maximum of brokered deposits for each lending institution.

As the Dallas economy waned, more and more builders were unable to pay off loans. In many cases throughout the Texas thrift industry, all available money had been lent to developers for acquisition, development and construction (ADC). There literally wasn't any home-loan money.

Hallmark, like many other thrifts, refinanced non-performing loans rather than foreclose. If a thrift foreclosed on too many loans, it would end up with too much of its own property on the books, which would in turn make examiners nervous about solvency.

EXAMINERS' REPORTS grew more critical, and the *coup de grace* came when they reported, "The Association was technically insolvent as of September 30, 1988, primarily as a result of imprudent loan underwriting practices.... It has granted loans in an unsafe and unsound manner to builder/developers who have no financial strength and many of whom are insolvent. The Association has also granted loans which exhibit the characteristics of conflicts of interest. In order to obtain funds for its lending activity, the Association has violated regulations by soliciting an inordinate amount of brokered deposits."

Examiners classified $65,450,877 in loans substandard and $8,009,322 as complete losses. Hallmark's risk investment was $79,736,000-only $6 million could be backed with collateral.

RTC investigator Debbie Simmons and Dallas-based FBI Agent Dale Hackbart, who had investigated West Texas S&Ls, were already at work on Hallmark and other Plano Corridor S&Ls when Hollander began reviewing the files that had been sitting in the FDIC Washington office for months. Hallmark was one of these cases. Hollander traveled to Texas, and there his trouble began.

What Hackbart and Simmons had discovered, and what Hollander began to verify and pass along to the FDIC in Washington, was a finely tuned network of Texas S&Ls that used acquisition-development-and-construction loans and brokered deposits to loot the thrift system.

In Texas, Hollander began taking sworn statements—something rarely done by the FDIC—from Stiles, S&L officers and others. It appears, through memos and other information, that Hollander's superiors, unaware of what he was finding or where he was heading, allowed him to proceed through the motions of an investigation.

Hollander began writing memos to his superiors. On January, 13, 1990, Hollander requested that senior attorney Lauck Walton allow him to sue Hallmark. He outlined the network as he saw it: The three S&Ls, the boy builders, the ADC loans, Stiles' salary, to show that the money loaned from Hallmark had been under the control of Stiles and had never been intended to generate

profits. Hollander determined that the money Hallmark loaned the boy builders and Stiles' relatives had never been intended to generate profits for the S&Ls, but rather to generate fees for Stiles and favored business associates.

Hollander requested "authority to file suit against former directors and officers of Hallmark Savings Group, Inc. and its subsidiaries/affiliates, Hallmark Savings Association and New Braunfels Savings and Loan Association.... The proposed lawsuit will allege damages, at minimum, in excess of $50,000,000 based upon losses directly relating from grossly negligent lending practices, as well as egregious insider lending practices, made at the direction of the Directors and Officers of the above referenced institutions from 1985 through 1989. Further, the preliminary investigation has shown that 'HSA' alone will most likely suffer losses of approximately $105,000,000." Hollander summarized what examiners for the Federal Home Loan Bank Board (FHLBB) had discovered, and then he went one step further: He implicated Senator Phil Gramm, a ranking member of the Senate Banking Committee.

GRAMM'S NAME surfaced when investigators learned of the Hallmark "D.C. File," which contained records of payments for work done on Gramm's Maryland home by Dallas cabinetmaker Ronnie Hawthorne. The total bill was $117,000. Hackbart recalled, "There was a 'D.C. Account' for a guy named Ronnie Hawthorne. What was happening was, the guy down here got the contract to finish the inside [of Gramm's Maryland home]. Gramm gets billed something like $59-61,000—I don't remember exactly—from Hawthorne. Hawthorne is here [in Dallas]. What I found out was, something stunk, because there's no way, no economic way I can build stuff here in Dallas, schlep it up to Maryland, install it in Maryland using Texas people, number one, and make money on it, number two. So we go out, and find that the actual cost of the job is over $100,000. We, the Bureau, were looking at Hallmark and this is one of the transactions I wanted to look at because of the cast of characters."

On the subject of Gramm the ex-agent continued, "It was my case and everybody was aware of the Phil Gramm aspect of it, and it's one of those things in terms of Bureau politics or politics in general, I had to clear the air on this transaction before I ever got into the other stuff." According to Hackbart's investigation, Stiles paid the bills on Gramm's home. But, as Hackbart began to question the transaction, he said, "I don't know how, but word leaks out that Senator Phil Gramm got a $65,000 job done on his house and it really cost $110,000. That leaked on Tuesday. By Thursday Gramm had already gone out and borrowed $50,000 and sent Stiles a check. The debt was already a year old. I don't know about you guys, but I don't know who the hell could go into a bank today and borrow $50,000 and have the check down here tomorrow. I don't know who in their right mind can think you can finish the inside of a house in Maryland long-distance for $60,000."

But Gramm and Stiles had an explanation. Hackbart recalled, "I then saw a letter, got a copy of a letter that Jerry Stiles writes to Senator Gramm, basically saying something like, 'Yeah, I've been in business for so long, I just made a mistake. It's really my fault, I really should be able to eat this thing. I really want to send your check back, I underestimated the cost of building this thing.' This is after I started my inquiries.

"Now, picture! Jerry's been out there building homes for 20 years and he's going to be off 50 percent? Knowing he's paid the guy [Hawthorne] doing the building $25,000 in fees? There's no doubt in my mind he knew what he was doing." Hollander later discovered that Gramm borrowed the money from a Plano bank, Deposit Guaranty, in which Stiles formerly had a working interest. Stiles also had been Gramm's Collin County campaign manager and often received and made calls to Gramm, especially in the final days of Hallmark Savings.

Hackbart's investigation? "The next thing I hear is that Senator Gramm on his own had gone and taken this before the Senate Ethics Committee and had been absolved of any wrongdoing. I don't really think they knew there was an FBI investigation. Anyway, I got a letter about it. Based on the powers that be in my office when I got back, it died a very swift death.... It was a touchy subject with the Bureau, they were deathly afraid that this would all get out," Hackbart said.

FAILING TO RECEIVE permission to sue Hallmark and others, Hollander wrote a second memo to senior FDIC lawyers Mark I. Rosen, John Thomas, Lauck Walton and a copy to David Scholl on March 26, 1990. The report began, "As I have repeatedly informed you, additional information has been gathered which indicates that funds from Hallmark Savings Association, a federally insured institution, were used for the benefit of United States Senator Phil Gramm.... Senator Gramm never reimbursed the institution for these benefits nor did he provide any evidence of indebtedness."

Hollander cited use of the Hallmark corporate jet "to fly Mr. Ronnie Hawthorne, a subcontractor, along with materials and other workers to Maryland. The purpose of the trip was to build/remodel a home for Sen. Gramm in Maryland.

"It appears," he continues, "Sen. Gramm paid approximately $63,000...in some manner. It further appears that the transaction was effectuated through a deposit account which Jerry Stiles maintained at Deposit Guaranty."

Hollander was headed into trouble. He wrote more memos centered on his January 13, 1990, request to sue Hallmark, its two sister S&Ls and associated corporations. The final paragraph touched on what Hackbart had discovered: "The evidence ascertained to date indicates that Jerry Stiles was among, and perhaps the driving force behind the organization of a group of 'core developers' who, perhaps in a cooperative effort, began acquiring savings associations subsequent to their deregulation in the early 1980s...institutions which may have been owned or controlled by this group of "core developers" and which subsequently failed include, but are not limited to, Plano Savings & Loan Association; Metropolitan Financial Savings & Loan Association; and Independent American Savings. As early as August of 1989, Investigator Jeffrey Ayres stated that a task force needed to be developed..."

Hollander assumed he was on a roll. He couldn't have been further off the mark. Not only would there be no task force, each memo was a spadeful of dirt from the bureaucratic grave he was digging for himself. The FDIC began to catch on to what Hollander was doing and wanted it stopped. He was forbidden to travel, in rather emphatic terms, and was ordered to turn over his files—he was to be rotated out of the D&O section.

Hollander, unable to comprehend that someone would not want him on the team, stalled, and an internal stare-down began. As Hollander's FDIC career faded, there was a final shot to be taken, something that would make the agency go ballistic. Hollander was also looking into Southwest Savings, a Phoenix, Arizona, thrift owned by Daniel Ludwig, one of the world's richest men, who had made his fortune as the head of National Bulk Carriers, which pio-

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neered the container concept for cargo ships. Ludwig had acquired Southwest in 1976 and by 1981 his network included Home Savings in Houston and American Savings in Salt Lake City.

A-S-H Management Corporation was formed in 1983 to oversee the three S&Ls, which also were tied together by interlocking boards and a computer bookkeeping service originally developed as Houston Information Services. Shortly after the formation of A-S-H, all three thrifts began to approve a number of loans on large A-S-H development projects in California, New York and Arizona.

Camelback Esplanade, a multi-phase development that included hotels, condominiums and retail sales space in downtown Phoenix, was the largest project taken on by Southwest, and it involved another big-name Republican, J. Fife Symington, currently the governor of Arizona. Symington was a member of the Southwest board until September of 1983, when the thrift agreed to provide 100-percent financing for Camelback. He then resigned from Southwest and took a position as head of Camelback, which guaranteed him a 19-percent participation in the project and 5 percent of all development contracts. Symington put up none of his own money and Camelback ultimately cost Southwest $26 million when the venture was unable to meet its obligations. Symington moved on to a position on the board of American Savings in Utah, a move thrift examiners were told was approved by the FHLBB's Chief Supervisor Agent in San Francisco, Jack Pullen. Pullen later served as an officer at Southwest.

With Arizona and Utah examiners concerned about the New York, California and Arizona developments that the thrifts had taken on, the S&L's directors looked toward Washington, and applied for federal charters, which were granted on December 13, 1988. Going federal guranteed that if the institutions were to go under, their losses would be picked up by the taxpayer. Fifty days later, Southwest and American were in conservatorship and wards of the taxpayer. The loss at the time was thought to be about $500 million for the pair.

It didn't take Hollander long to notice that there was something odd about these two closings, Southwest in particular. He noticed that there had been no interviews with directors and officers and, in fact, found a report that said interviews were forbidden.

Hollander also discovered something interesting in the paper trail left by the closed thrifts: a letter from Daniel Ludwig. After the Directors and Officers liability insurance had been dropped by the carrier in 1985, after the insurance company reviewed the thrifts' lending practices, Ludwig had written a letter indemnifying the board of Southwest. Although Hollander found evidence that strongly suggested that investigators were ordered not to continue the investigation, he decided to pursue Ludwig. As he had done in Texas, Hollander began to write memos outlining what he had discovered, and recommending a course of action.

He wrote memos on April 22, May 18 and June 11 and sent copies of each to almost every banking official that he thought might take up the cause against Southwest. It was his June 11 memo that probably lead to his undoing. "As I stated to you last week I strongly believe that it is proper to refer this matter to the Inspector General and/or Federal Bureau of Investigation and/or one of many Congressional Committees." Three days later, with all gentlemanly ritual, Hollander was fired. From the FDIC standpoint the Hollander incident was closed.

Hollander saw things differently. While there were things Hollander did not know about his cases, there were also things his superiors didn't know about Hollander. They didn't know Hollander copied damn near everything in his files; he taped hour upon hour of conversations with his superiors—including a discussion of his memos, which they later attempted to disavow. His superiors didn't know he had given the FBI copies of files, memos, tapes, bank reports, depositions and examiners' field reports.

The RTC line was simple: No one was responsible—just in case something had gone wrong.

The FBI had taken an interest in what they were hearing; agents "wired" Hollander for his return to clean out his office, in an effort to obtain evidence of some type of conspiracy. Before long, at least part of Hollander's story reached Senator Howard Metzenbaum, an Ohio Democrat, and a subcommittee hearing was held in February 1991. In addition to Metzenbaum, the subcommittee members were two Republicans, Orrin Hatch of Utah and Arlen Specter of Pennsylvania.

Hatch's home state has figured prominently in the S&L crisis. American Savings of Salt Lake City, in the tank for several hundreds of millions, was owned by Ludwig, considered to have been one of the richest men in the world. The legislation that helped create the S&L crisis was cosponsored by Hatch's fellow Utah Republican, Senator Jake Garn. Even M. Danny Wall, the man hired to resolve the S&L crisis, came out of Utah. Wall, architect of the Southwest Plan, had worked as a Salt Lake City planner. (Wall's Southwest Plan was designed to halt the collapse of the thrift industry in the Southwest by selling failed or weak S&Ls to stronger institutions. Unfortunately, the "stronger" institutions also failed due to the same practices that crashed the thrifts they had acquired under Wall's plan.)

Hatch excused himself from the hearing, scampering off to the White House. "I have not had an opportunity to apprise myself of the full particulars that give rise to this hearing..." the senator said.

Hollander told their Southwest story in the presence a bevy of mid-level RTC functionaries. None of Hollander's superiors appeared before the subcommittee. Metzenbaum revealed that the RTC refused to turn over information requested by the subcommittee, even in the face of a Congressional legal opinion stating that the information was not covered by privacy laws. The panel also discovered that Southwest was not on the RTC "Status Report on Directors and Officers Liability Litigation and Investigations," the RTC's list of its most serious investigations.

The "spin" from Republicans was that the hearings were called by Metzenbaum to hurt Symington's election campaign. The call went out to locate Symington, to counter the information about the $26 million deficit that Camelback Esplanade created at Southwest. Symington was in New York, stumping for campaign money and his subcommittee appearance was easily arranged because he, like Senator Hatch, was headed to Capitol Hill and a meeting with then-President Bush.

Symington told the hearing that he was "shocked" that Metzenbaum's staff released a report alleging wrongdoing on the Camelback venture. Symington had been paid $2.2 million in fees for letting contracts whose cost rose over 500 percent before construction actually began. He also told the committee he had not seen the staff report and was, therefore, in no position to testify as to "exact detail." He continued, "I was the youngest member of that board, and I served with distinction.

"Up until the time I resigned from the board in early 1984, Southwest Savings & Loan was a healthy financial institution. There was no hint of financial instability." This is very true: Until the Camelback Esplanade project, Southwest had few financial problems.

Symington hammered at the fact that the hearing would hurt his gubernatorial cam-

paign. He went so far as to blame Metzenbaum for any problems the exposure of the Southwest affair might cause. "You must be aware of the fact that your actions today obviously are going to have an impact on the media and an impact on the race. The timing is pretty poor, let us face it," Symington said. With the help of a cooperative Senator Specter, Symington made the case that he had no knowledge of wrongdoing. He told Metzenbaum it was a slap on America to make the staff and examiners' report public before his election, and he went on to win a February 1991 runoff by a 52-48 percent margin.

Senator Specter was visibly upset at the appearance of administration-bashing—after the Bush Administration's failure to respond to investigators' reports of malfeasance. Spector also contended that that the hearings were politically motivated to damage Symington.

The RTC line was simple: No one was responsible—just in case something had gone wrong. As a start-up agency with so many cases, it couldn't fairly be expected to attend to each case instantaneously. The RTC was handling the big cases first (the total tab of Ludwig's S&Ls at that time stood at $500 million and the three Stiles S&Ls ultimately cost the public more than $150 million dollars). The RTC defense included attacks on Hollander—he didn't understand his job, they suggested.

But although Ludwig's letter and investigators' reports just wouldn't go away, the hearings, like many events in Washington, finally did. Their conclusion made way for the continued RTC/FDIC response to the thrift and banking crisis, which appears to be one of going after insurance companies and law firms while avoiding direct action against directors and officers. To pursue S&L directors and officers, RTC officials said in 1991, the agency would need another 1,500 lawyers. Insiders have said privately that the government would rather aim at law firms and accounting firms willing to settle than go after directors and officers who would have limited resources or might put up a defense that would embarrass the agencies involved.

WHAT THE REAGAN Administration had declared an economic boom was in reality economic rape under government auspices. After his West Texas investigations, when Hackbart directed his attention to North Dallas and the Plano Corridor, he found documents from the early '80s that suggested the bank and S&L failures in the "corridor" required examination. There were at least a dozen failed institutions on Hackbart's hit list.

The Reagan and Bush administrations attempted several times to ease public perception of the billions in losses; the Federal Assets Distribution Agency (FADA), the Federal Home Loan Bank Board and the Southwest Plan. Nothing seemed to work, the loss to the American people grew into the billions as the FDIC and FSLIC faced bankruptcy from having to pay out much more than they were ever designed to pay. There were visits to Congress by officials such as M. Danny Wall, chairman of the Federal Home Loan Bank Board, to ask for more clean-up money and eventually the clean-up effort became part of the problem.

"Drugs had all the computers they wanted," FBI Agent Hackbart said. "We had one for all the S&Ls in Texas."

One FHLB auditor recalled, "When Danny Wall was going to Congress requesting $15 billion, we were laughing back in Dallas. We knew it would take at least $50 billion just to clean up the Dallas Parkway. It was a joke and we all knew it was a joke. They just wanted to keep the lid on until after the elections."

The Resolution Trust Corporation (RTC), under FDIC tutelage, replaced the FSLIC. The FDIC chairman was appointed chairman of the RTC. The RTC was touted as the cure for the S&L crisis, the agency that would reorganize the thrift industry, stop the flow of taxpayer dollars and help recover much of the money already lost.

But that was not the situation as Hackbart found it in the Plano Corridor. Even his own agency seemed a little reluctant to sally forth into the S&L fray. "Drugs had all the computers they wanted," Hackbart said. "We had one for all the S&Ls in Texas."

The story of these investigations is, in a way, the story of encounters of low-level investigators crossing paths in the field and learning that their reports to the home offices in Washington, D.C, were consistently ignored. Debbie Simmons, the former FBI agent who signed on with the RTC to investigate banks was transferred to S&Ls and connected with Hackbart in Texas. The two came to many of the same conclusions. Something within the cleanup didn't look or smell right. Criminal referrals, for offenses such as embezzlements, improper or insider loans and the like, were discouraged; they were not part of RTC's mission. So a great deal of the criminal information discovered by thrift investigators remained within the FDIC/RTC organization and never reached the FBI or U.S. Attorney. One investigator began hand carrying his information to the FBI; he subsequently left government service by mutual agreement with his supervisors.

The lack of cooperation from agencies charged with supervision of financial institutions left agents like Hackbart on their own to process criminal information. Hackbart even found cases where RTC and subcontractors told employees not to cooperate with the FBI.

Yet even while they were being shut off at the top, investigators continued to do what they thought the federal government had hired them to do. While Hackbart was digging away at Hallmark, Simmons was investigating another of Hollander's cases: Merchants State Bank in Dallas, which failed in 1989 to the tune of about $1 billion, amid rumors of questionable suicide, mob-connected loans, political intrigue and some simple looting.

John Kendrick purchased the bank just a year before it went under. Kendrick was still with the prestigious Akin, Gump, Strauss, Hauer & Feld law firm. Hollander and Simmons managed to obtain a few depositions concerning Merchants, one on the Texas-Mexico border because the subject feared arrest.

A meeting was arranged between Kendrick's Dallas attorney Ken Johns, and Hollander. The meeting would take place in Washington and Kendrick would tell what he knew about the failed bank and any connections with disappeared money and Herman Bebee, long considered to be associated with New Orleans crime boss Carlos Marcello. Bebee had then completed a prison sentence for bank fraud.

In Washington, Johns met his client and then checked into a hotel room to await the next morning's meeting. He recalls that at 5 p.m. sharp, Hollander's supervisor Lauck Walton called. Hollander, who was in the office with Walton, agrees. As Johns remembers, Walton rather unceremoniously told him to go back to Dallas. The meeting was cancelled.

Hollander's memos on Merchant became more explicit in urging civil suits, RICO actions and more investigations. While some within the RTC deny the existence of these memos, tapes of office conversations made by Hollander confirm their existence.

Back at the RTC regional office in Dallas, Simmons had developed problems of

her own. While investigating the failure of Metropolitan Savings and Loan, she had discovered a loan to George Bush Jr., which was in arrears. With the specter of Neil Bush's Silverado scandal only one state away, she decided to investigate. She was stopped cold in her tracks and told in no uncertain terms that she was not to interview the officers of the failed S&L and specifically not to ask about George Bush Jr.

While RTC reaction was swift and sure, the irony lies in the fact that the George Bush Jr. in question was not the then-President's son. This incident, along with constant complaints about procedure, or lack thereof, eventually caused Simmons to leave the RTC. She moved back into the private sector in Dallas and declined to talk about her experiences.

Hackbart retired, taking his pension in a lump sum, and works in the Dallas area. Hollander left Washington, and went to work as a ski instructor. He is attempting to get back into the law, still confused as to what it was exactly that he did wrong. He now lives in Southern California. Many of those involved in the Texas investigations have gone on to rebuild their lives and careers. Their files lie dormant in boxes and crates scattered in rental storage spaces around Dallas as mute testimony to what former RTC senior lawyer Thomas J. Burnside referred to in the *New York Times* on July 23, as "The Great Texas Bank Robbery."

Burnside wrote, "But the failures of the RTC's 'cleanup' were too purposeful to be just gross incompetence. Anytime a high-profile lawsuit is brought against a powerful figure, it is politically risky and expensive. The agency's leadership set up a system to avoid that risk; the incentive was for lawyers to perform a listless overview of bank records rather than vigorously investigate wrongdoers. And there was hardly any political pressure for things to change." □

Paper Trails

Editors' Note: What follows is almost the complete text of a March 26, 1990, memo that Mark Hollander wrote to FDIC Deputy General Counsel Mark I. Rosen, Associate General Counsel John V. Thomas and Counsel Lauck Walton:

In accordance with your recent request, this memorandum is written to embody the information which I have orally transmitted concerning United States Senator Phil Gramm.

In my prior preliminary written briefing with respect to the above mentioned institutions, dated January 13, 1990, I noted the following on page six (6):

"...Testimony has also revealed that Jerry Stiles, through his associated builders and interim lending, remodeled [and/or] built a home for Sen. Gramm in Maryland with, it appears, a portion of the funds being supplied by "HSA" [Hallmark Savings Association]. It does not appear that Sen. Gramm repaid the institution for the entire benefits which he received."

Jerry Stiles, a close personal friend of Sen. Gramm, used a corporate jet belonging to the depository institution to fly Mr. Ronnie Hawthorn, a subcontractor, along with materials and other workers, to Maryland.... It appears that Mr. Hawthorn was paid twenty-five thousand dollars ($25,000) for his work.

It appears that Sen. Gramm paid approximately $63,000 (Sixty-Three Thousand Dollars) to Jerry Stiles in some manner. Jerry Stiles [sic] personal accountant is Mr. Christopher White. It further appears that the transaction was effectuated through a deposit account which Jerry Stiles maintained at Deposit Guaranty (formerly American National Bank in which Jerry Stiles had an ownership interest and was formerly the controlling person in all business decisions).

Sen. Gramm apparently learned that the FDIC was investigating this matter in connection with the failure of Hallmark Savings Association, et al. (As I have previously indicated, I personally took the investigative statements under oath of many key players, including Jerry Stiles. These statements have been transmitted to you. Mr. Stiles was represented by counsel and he did receive and sign the original copy of this statement. He was provided, through his counsel, with a copy of his statement. It is possible that a photocopy of this statement was forwarded to Sen. Gramm.) Upon learning of the investigation, Sen. Gramm, through his Washington D.C. attorney, Jim Hamilton, contacted an FBI agent and stated that Sen. Gramm wanted...to discuss this matter. As I have also previously informed you, both Investigator Jeffrey A. Ayres and myself were planning on attending this meeting.

The meeting, however, never took place. Apparently, Sen. Gramm was somehow able to secure approval of this and all related transactions from the United States Senate Ethics Committee. Consequently, Sen. Gramm has apparently decided to take no further action regarding this matter.

In light of the foregoing possible misuse of funds and assets of Hallmark Savings Association, a federally insured institution in conservatorship, and its affiliates coupled with the fact that Sen. Gramm met with Jerry Stiles in Washington, D.C. concerning this institution just prior to its placement into conservatorship, I have repeatedly recommended a full and comprehensive investigation of the relationship and transactions of Sen. Gramm with Hallmark and its affiliates. Again I reiterate this recommendation. It is my opinion that as attorneys of a governmental agency we have an affirmative obligation to investigate all possible misuses of funds in federally insured institutions...

To date no action has been taken on this as well as many other extremely important matters. This case has not been reassigned to any attorney. Moreover, despite the significant amount of money to be recovered as well as the far-reaching evidence obtained in connection with the substantial accountants' liability action, the investigation of his institution appears to have been "frozen." I am deeply concerned that irreparable harm is occurring to our ultimate position in these cases ... □

March 26th, 1990 **CONFIDENTIAL**

Mark I. Rosen
Deputy General Counsel

John V. Thomas
Associate General Counsel

Lauck Walton
Counsel

Mark A. Blanchietti Hollander
Attorney

Hallmark Savings Association, # 8600, Plano, Texas- In Conservatorship
North American Savings Association, # 8601 San Antonio, Texas - In Conservatorship
New Braunsfels Savings & Loan Association, # 8599, New Braunsfels, Texas - In Conservatorship- Requested Supplemental Information Regarding United States Senator Phil Gramm

Congressional Snapshots

SPECIAL INTEREST GROUPS GRADE TEXAS CONGRESSIONAL DELEGATION

Note: These grades, in percentage form, represent how often the incumbent voted with that organization's preferred position on votes they identified as key. All votes were in 1993, except ASC in 1991-92

The source is Project Vote Smart, a non-partisan, non-profit service with information free of charge on voting records, issue positions, campaign finance contributions, biographies and over 60 other groups that grade voting records. Call toll-free 1-800-622-SMART.

Name/Party-City/District	ACU	ADA	AFL-CIO	USCOC	CCAGW	LCV	NCSC	ASC	PP
Andrews, Michael (D-Houston) - Dist. 25	25	55	83	36	50	65	60	100	23
Archer, Bill (R-Houston) - Dist. 7	100	5	0	91	80	30	10	100	0
Armey, Dick (R-Lewisville) - Dist. 26	100	0	0	100	80	15	10	100	8
Barton, Joe (R-Ennis) - Dist. 6	100	0	0	100	55	25	10	100	15
Bonilla, Henry (R-San Antonio) - Dist. 23	96	5	0	100	75	15	20	—	8
Brooks, Jack (D-Beaumont) - Dist. 9	17	60	100	20	0	45	90	70	46
Bryant, John (D-Dallas) - Dist. 5	4	90	91	27	35	85	80	40	85
Chapman, Jim (D-Sulphur Springs) - Dist. 1	25	45	83	50	20	55	70	70	31
Coleman, Ronald (D-El Paso) - Dist. 16	21	65	92	27	5	70	78	50	46
Combest, Larry (R-Lubbock) - Dist. 19	96	5	8	91	65	20	20	100	0
De la Garza, E. Kika (D-Missio) - Dist. 15	39	35	83	40	15	60	67	70	23
DeLay, Tom (R-Sugar Land) - Dist. 22	100	0	0	100	75	15	10	100	0
Edwards, Chet (D-Waco) - Dist. 11	33	35	67	55	50	50	60	100	31
Fields, Jack (R-Humble) - Dist. 8	100	0	0	90	70	15	0	90	0
Frost, Martin (D-Dallas) - Dist. 24	21	65	91	36	10	60	80	90	38
Geren, Pete (D-Fort Worth) - Dist. 12	75	20	33	91	35	35	20	90	23
Gonzalez, Henry (D-San Antonio) - Dist. 20	8	80	100	9	0	70	90	30	46
Green, Gene (D-Houston) - Dist. 29	13	85	100	18	25	75	90	—	62
Hall, Ralph (D-Rockwall) - Dist. 4	79	20	33	73	60	20	40	100	15
Johnson, Eddie Bernice (D-Dallas) - Dist. 30	0	90	92	27	10	70	80	—	69
Johnson, Sam (R-Plano) - Dist. 3	96	0	0	100	80	20	10	100	0
Laughlin, Greg (D-West Columbia) - Dist. 14	52	20	45	55	25	30	40	100	23
Ortiz, Solomon (D-Corpus Christi) - Dist. 27	39	40	83	50	15	45	70	80	31
Pickle, J.J. (D-Austin) - Dist. 10	9	65	75	45	25	60	70	80	38
Sarpalius, Bill (D-Amarillo) - Dist. 13	46	40	75	45	20	30	70	90	31
Smith, Lamar (R-San Antonio) - Dist. 21	96	5	8	100	65	15	20	100	0
Stenholm, Charles (D-Stamford) - Dist. 17	78	10	17	73	60	25	20	100	46
Tejeda, Frank (D-San Antonio) - Dist. 28	33	45	83	45	20	55	70	—	31
Washington, Craig (D-Houston) - Dist. 18	5	90	100	0	15	70	89	10	100
Wilson, Charles (D-Lufkin) - Dist. 2	29	60	100	40	15	45	89	100	23
Gramm, Phil (R) - Senior Senator	92	5	0	100	75	6	0	80	15
Hutchison, Kay (R) - Junior Senator	94	13	0	100	73	0	0	—	0

Legend
ACU (American Conservative Union), promoting conservative points of view.
ADA (Americans for Democratic Action), promoting liberal points of view.
AFL-CIO, federation of national, state and local labor unions.
USCOC (U.S. Chamber of Commerce), promoting business interests.
CCAGW (Council for Citizens Against Government Waste), conservative organization promotes reducing deficit and government waste.
LCV (League of Conservation Voters), non-partisan coalition supporting environmental causes.
NCSC (National Council of Senior Citizens), advocates on behalf of the elderly and others.
ASC (American Security Council, conservative organization focusing on national security issues.
PP/CLW, liberal defense/foreign policy; Peace Pac grades the House; Council for a Liveable World grades the Senate.

A public service message from the American Income Life Insurance Co. — Waco, Texas — Bernard Rapoport, Chairman of the Board and Chief Executive Officer.
(Advertisement)

Moving Toward Ungovernability

By Ralph Lynn

The current weakness of most of the governments in the industrialized nations seems to indicate incipient ungovernability.

This perhaps unique situation may be traceable in some part to the American and French Revolutions of the late 18th century, World War I, the Great Depression and—particularly in the United States—Ronald Reagan.

Such a sweeping generalization may be far wide of the mark. But history casts a long shadow, historians rarely agree even on what happened when, and many would agree that things may just happen to happen.

What line of reasoning lends some support to the argument?

The American and French Revolutions put into circulation four ideas which have unsettled subsequent history.

First, both questioned the legitimacy of ancient, established governmental arrangements. Moreover, they got away with it.

In France, one revolutionary worthy taunted the European establishment by observing that when neighbor nations sought to crush the revolution, the revolutionists "threw them the head of a king."

Second, both revolutions questioned the legitimacy of the religious as well as the governmental establishment. The French attack on the established religion was more radical than the mere separation of church from state in the United States, but the Founding Fathers clearly gave religion a small place in their hierarchy of values.

Third, the propaganda of both revolutions emphasized the rights of man without specifying what rights for which citizens. Therefore, the heritage of both revolutions is an open-ended promise of better things for all and neither revolution will be over until a closer approximation of justice prevails.

Fourth, both revolutions exalted national patriotism as a new religion.

This heresy, wedded to a distortion of 19th century biology, led to the Holocaust and the current "ethnic cleansing" in the former Yugoslavia. These developments divided the electorates and transfixed the governments of the industrialized nations.

World War I is significant in this view of history chiefly because the traditional ruling classes not only allowed the war to occur but also allowed it to go on in convulsively murderous fashion with the result that the masses lost confidence in the wisdom of their governments and in the fairness of their societies.

Arthur Koestler reported that the young people of Europe had little respect for either the governmental or religious establishments of their fathers who, after the war, seemed like "tired winter flies crawling about on a dirty window pane."

The Great Depression was more of a worldwide disaster than either the two great revolutions or World War I. (Oddly enough, the Russian Revolution of 1917, by its radical nature, posed such a threat to the industrialized nations that it united and stabilized them.) The pall of depression and mass unemployment lifted only with the huge economic and employment demands of World War II.

The suffering entailed by the long depression years further eroded any confidence people had entertained for the forces which had ruled the industrialized nations for a hundred or more years.

Entirely aside from the staggering national debt for which Ronald Reagan was largely responsible because the "Great Communicator" was willing to borrow and spend without commensurate reduction of expenditures, Reagan made a more significant contribution to our incipient ungovernability. He succeeded in convincing the American people that the government was not only the problem but the enemy. At the height of the Cold War, the Communists could not achieve such a victory.

Agreed: The troubles now besetting the industrialized nations can be attributed to developments more recent than those emphasized here. But history is continuous. We cannot escape its long shadow by being ignorant of it.

Ralph Lynn is Professor Emeritus of History at Baylor University.

MOLLY IVINS

Health Care in a Great Nation

When a poor, black boy like Michael Jackson can grow up to be a rich, white woman who marries Elvis Presley's daughter, you know we live in a great nation.

And now, on to the outrage *du jour* concerning health-care reform. Enough already—enough that they're letting the private insurance industry keep $100 billion a year for doing a rotten job, enough that the big five insurance companies and the big HMOs are writing the bill, enough that we can't get doctors for rural areas or family practitioners—now the damn fools in Congress are caving in to Pepsico (owner of Pizza Hut, which won't pay for health insurance for American workers but does for its workers in Japan and Germany) and other big corporations on the point of letting individual states set up their own single-payer systems if they want to.

Where are the conservatives, who say they're federalists on this one? Where are all those Republicans who like to blather about how states are the "workshops of democracy"? *Aux armes!* Victory or death, as Col. Travis once put it. How dare they prevent some intelligent, forward-thinking state from starting its own single-payer system? If the politicians in some Shangri-La like Oregon, lions of courage backed by the overwhelming majority of their people, want a single-payer system, who is Washington to tell them they can't have it? If Oregon pols are willing to pass the taxes and take the heat, why should Congress, just because it is so wretchedly gutless, say them nay?

The big multinational corporations, such as Coca-Cola, finagled a provision into the House bill that allows them to opt out of state single-payer systems and avoid paying taxes to support them, and that guts the state single-payer option. To hell with 'em: Let the people drink Dr Pepper!

You know what they're really afraid of, of course. They're afraid the people of every state will see how well single-payer works in one state and demand it for themselves. It's like Hawaii already having mandates that require employers to insure all full-time workers. Hawaii has the lowest uninsured rate of any state at 8.12 percent. Texas has 25.7 percent uninsured, compared with the national average of 17.4 percent.

Sam Kinch's newsletter, the *Texas Weekly*, ran some interesting stats recently. The original Clinton health-care plan would have cost larger Texas employers $657 million a year by the year 2000, but smaller employers would get lots more than that in subsidies; employees at companies that now provide health insurance would save four times that much in family-coverage premiums; state employee health-care coverage would be down by $600 million a year; and the state would save about the same amount through lower costs for Medicaid. So how many of the pinheads in our delegation supported the plan that would have saved Texas and Texans millions? Ha ha.

For Texas families covered by health insurance at a parent's workplace, employees pay an average of $5,169 in out-of-pocket costs (premiums and uncovered charges), while employers pay an average of $2,378. Like to see that turned around, wouldn't we? Among Texas employees with health insurance on the job, one-fourth lost their coverage at some time between February 1990 and September 1992. So, do you ever get the feeling our elected representatives aren't exactly considering our best interests here?

What we are now looking at in Congress is not a bill written for the people of this country; it's a bill written for MetLife.

If there is any saving grace to come out of the mess Congress has made out of the Clinton bill (which was no great prize to begin with), it lies in Senate Majority Leader George Mitchell's insistence that we get health insurance for kids. For that much, let us be grateful.

THE HEALTH CARE Follies continues to put on display everything that's wrong with the American political system in gruesome detail—and still manages to come up with new twists every day.

Right now, the House and Senate have revived the old running gag about a couple of Frogs who hit the door at the same time:

"After you, Alphonse."

"No, after you, Gaston."

"No, no, after you, *mon cher* Alphonse."

"*Mais non*, I insist, after you, *mon cher* Gaston."

Like kids playing "I get to go last," the House has now cleverly postponed its vote on health-care reform until the Senate votes. The Senate, in turn, has crafted a remarkable piece of legislation under which employer mandates (that's the sticky bit that costs employers money) is postponed until 2002 or later, by which time all incumbents presumably will be out of office or safely dead so they won't have to face anyone's ire. Besides, it doesn't sing as an election issue: "And my opponent voted for something that will make a lot of rich people mad sometime in the 21st century."

My favorite new development—and this is an original start—is that Newt Gingrich and 50 other Republicans have sent letters to all the delegates in the policy-making body of the American Medical Association. Now, normally we count on special-interest groups to take their complaints and pleas to the politicians and try to get the pols to vote their way. Now we have pols approaching a special-interest group—to wit, the doctors of the nation—and telling them what they should be saying about health care. It's new, it's novel, it's fresh!

"We are dismayed by the actions of the leadership of the AMA," wrote Gingrich & Co., who said the AMA's position supports the Clinton plan (which, as followers of this debate will recall, no longer exists). The AMA's sin was to join the AFL-CIO (labor) and the AARP (retired folks), which urged Congress to support a health-care plan that will provide universal health care insurance. The AMA has supported universal coverage for many years, but Gingrich felt entitled to scold them for supporting this radical notion. So the AMA obligingly noted that it was not supporting any particular health-care bill.

How nice that Newt Gingrich feels entitled to tell the AMA what to think about health-care reform. Ol' Newt's not a doctor, but maybe he could play one on TV.

SADDEST NOTE of the past fortnight. An invitation to a 75th birthday party at the Officers Club of the Pensacola Naval Air Station: "We are going to celebrate this milestone with a party to beat all parties." The party didn't take place. Instead, there was a memorial service for James H. Barrett, who was shot to death by an anti-choice terrorist outside a clinic in Pensacola.

James Barrett was a career military man and later a teacher who survived three wars—he flew missions in North Africa in World War II, in Korea and in Vietnam. Barrett was still on duty, still protecting freedom, when he was shot to death by an American terrorist. Barrett was so angered by the murder of Dr. David Gunn last year that he volunteered to serve as an escort to Dr. John Britton, another doctor who performed abortions in Pensacola and who was also killed by the terrorist.Last year, Barrett told a local newspaper, "I've spent my life doing my best for the security of my country and the people who live in it. Why should I stop now?"

I don't know if there is a medal that covers James Barrett's kind of heroism and sense of duty. But there should be. □

Molly Ivins, a former Observer *editor, is now a* Fort Worth Star-Telegram *columnist.*

JIM HIGHTOWER

Owners Won't Play Ball

Speaking of the world ending not with a bang, but a whimper...looks like there might not be a baseball World Series this year.

The season itself is going great guns. Ken Griffey Jr. in Seattle on a record-setting tear, Cleveland (of all teams) clawing right to the top. Darryl Strawberry's comeback in San Francisco and Jeff Bagwell driving Houston home!

But now: A Baseball Strike! What in the holy name of Babe Ruth is going on here? Ballplayers making $4 million a year going on strike?

But wait a minute, this isn't about players wanting more money, it's about the *owners* wanting more! In the wacky world of sports, baseball owners are a special breed of wacky—widely considered to have skulls denser than Jupiter's atmosphere and to hold black belts in greed. When's the last time a fan paid to see an owner at the ballpark?

What more can owners want? Attendance at ballgames is at an all-time high, as are revenues. We taxpayers pay for their stadiums, they get away with charging us fans four bucks for a beer, the players provide the product on the field as well as the promotion off the field and any owner who wants out has a line of megamillionaire wannabes waiting with a dumptruck full of gold to buy the team. Any other business would consider this setup a wet dream beyond imagination.

But baseball's brass whines that it must have more of the pie, demanding that players accept a cap on their salaries, which is about as likely as owners accepting a cap on *their* salaries.

These clever thinkers who own the teams are betting today's stars make too much money to strike for long. But in the seven baseball strikes since 1972, the players outlasted the owners seven times.

Forget the salary cap, extend the old contract that still gives you a sweetheart deal, and let's play ball!

Supermarket Scanner Scams

Do you check your receipts at the grocery store? Few of us do... but it looks like all of us should.

The old cash register—along with the notion that grocery items should have a price marked on them—was junked in the 1970s, to be replaced by those high-tech, zippedy-doo-dah, quicker-than-the-eye-can-see, catch-us-if-you-can electronic scanners.

Supermarket owners promised at the time that these computerized gizmos would be much more accurate than hand-pricing and would avoid consumer overcharges. They lied.

As Mark Twain put it: "Man is the only animal that blushes—or needs to."

Many supermarkets have turned their scanners into "scammers." A recent survey by UCLA found that scanner receipts were wrong on nearly 10 percent of the items purchased. And—big surprise—consumers were *over*charged far more than they were *under*charged, leading the city's consumer commissioner to say: "It appears the problem is intentional error."

It might only be a dime here and a dollar there out of your pocket, but trip after trip, customer after customer, chain after chain, it adds up to as much as $2.5 billion a year being electronically shoplifted by the guilty grocers.

What to do? Be alert, of course, but it's time-consuming and practically impossible for every shopper to check every price. There's a need here for an independent government watchdog with teeth. The city of Philadelphia might be onto something with its new law requiring stores with scanners to pay fees that finance undercover inspections with heavy fines for "scammers."

To find out how you can fight scanning scams in your community, contact the Public Interest Research Group in New York at 212-349-6460.

Unplug Schools

Yogi Berra said, "You can observe a lot by watching."

Yes indeed, Yogi—and we should all be observing what our kids are watching in school these days.

Like an Exxon video teaching high-school science students that the Exxon Valdez oil spill in Alaska did no long-term damage to fish and other wildlife—even though Alaskan fishing has been decimated.

Or a video from Monsanto falsely claiming that pesticides are essential to "feed the world safely."

Or "Channel One," a pseudo-newscast that's broadcast for 12 minutes every schoolday. It provides only two minutes of "news"; eight minutes of "infotainment" about new clothes, hair styles and other consumer come-ons; and two minutes of commercials from McDonald's, Reebok and other brand-name marketers who are given a *captive* audience of teenagers.

Forty percent of middle schools and high schools now blare Channel One at our kids. More than half of America's schools now use these corporate videos and teaching kits in classes.

Remember the childhood ditty "School Days, School Days, Good Old Golden Rule Days"? Well, these days, the Golden Rule in the classroom is, those with the gold...rule. As public education funds are slashed, corporations realize they can waltz in with free "instructional materials" and corporatize public education.

But the good news is a lot of young folks are fed up with being force fed a corporate line, and in hundreds of communities they are joining with PTAs and other citizen groups to make their classrooms "Commercial-Free Zones." Nevada and New York have already banned Channel One, and Florida, New Jersey and California have actions under way to stop these corporate flim-flammers.

Public education exists to teach kids to be *citizens*, not consumers. If you want to know what you can do in your community, call UNPLUG, a national youth coalition working against the commercialization of America's classrooms: 1-800-UNPLUG-1. □



Jim Hightower, a former Observer *editor and Texas agriculture commissioner, does daily radio commentary and a weekend call-in talk show on the ABC Radio Network.*

Agoraphobia in Mexico

BY BARBARA BELEJACK

Mexico City

I HAVE NO IDEA what they pay Miguel Acosta, but whatever it is, it can't be nearly enough.

Acosta directs the media monitoring project for the Mexican Academy of Human Rights (AMDH), one of a multitude of nongovernmental organizations affiliated with Alianza Cívica, the umbrella group that serves as citizen watchdog for the upcoming elections. Since January he has been watching, analyzing and reporting on the political coverage of two commercial evening news broadcasts: *24 Horas*, produced by media giant Televisa, and *Hechos*, the fledgling competition produced by Televisión Azteca, a former state-run network that was privatized in 1993. Acosta tapes everything, from the last fading minutes of the telenovelas that lead into the news, to the endless commercials for Pedro Domecq brandy.

He tapes entire newscasts, which in the case of Televisa's *24 Horas*, include such newsworthy items as anchor Jacobo Zabludovsky's dinner with officials of the Mexico City newspaper vendors' union; Jacobo's visit to the home of a 95-year-old vendor of a Televisa-owned tabloid; a Televisa soap star's visit to war-torn Armenia (despite electricity shortages the soap must go on); a new art exhibit at the Televisa-owned Cultural Center for Contemporary Art; a new Televisa soap about the life and times of pre-Revolutionary dictator Porfírio Díaz (a major news item three nights in a row); a report on a *New York Times* article about the Porfírio Díaz telenovela; and the 25th anniversary of the moon landing (lots of retrospective coverage of Jacobo and his then sidekick, Miguel Aleman, a former Televisa executive turned senator). Recently, viewers were treated to the quintessential "24 Horas" news story when Lupita Jones, the first Miss Mexico to win the Miss Universe pageant, appeared on the set. Lupita arrived on the "24 Horas" set to promote a new (Televisa-sponsored) beauty pageant. In a variation on the theme of the play within the play or the novel within the novel, Lupita just happened to bring along a copy of the p.r. kit, allowing Jacobo and Televisa cameras to linger over the glossy brochures.

FASCINATING as this may be, Acosta and his colleagues are only interested in coverage of the presidential electoral campaign, which they analyze in the language of technocrats—numbers, pure and simple. They time and classify election-related stories according to a methodology developed by Acosta. Does the candidate appear in the opening summary of the broadcast? (Ernesto Zedillo, the candidate of the ruling Institutional Revolutionary Party (PRI), *always* appears in the opening summary. Moreover, news of his activities *always* leads the campaign coverage.) Do viewers hear the candidate's voice as they watch his image, or do they listen to a reporter or anchor's voiceover? Are the stories positive or negative? How much time do the candidates receive? (This is tricky; there are nine presidential candidates, including a contingent of candidates with little popular support but significant government financing who serve as spoilers. They generally receive an undue amount of coverage and are used to convey negative images of the major opposition candidates, Cuauhtémoc Cárdenas of the Party of the Democratic Revolution (PRD), and Diego Fernández de Cevallos of the National Action Party (PAN).

After analyzing media coverage from January through May, Acosta and his team quantified what everyone already knew: Political reporting in Mexican television was heavily skewed in favor of the ruling PRI.

ELECTION COVERAGE was much simpler in 1988; opposition candidates were never interviewed on television. Even radio, considered a fairly open medium, limited its opposition coverage. The late Manuel Clouthier, 1988 presidential candidate for the PAN, complained that his party purchased political ads that were never aired. Clouthier also complained about Televisa and PANista-led demonstrators to the network's Mexico City headquarters, but as protests against the 1988 electoral election faded, so did protests against Televisa. Mexico, which has never produced a consumer rights movement, was lured back into the land of *pues así es; ni modo*. "There's nothing you can do about it."

In 1994, however, the credibility of every institution is in doubt; the media are no exception. Despite the appearance of a combative, independent press, most newspapers—including those that take great pride in their independent reporting—continue to accept *gacetillas*, government advertising masquerading as news stories.

Self-censorship, rather than direct government interference, remains the major problem with the written press. At the same time, journalists can—and do—print just about anything. There is a far wider spectrum of opinion in Mexican newspapers than in the mainstream U.S. press. But as journalist and critic Carlos Monsivaís explained six years ago, "There is freedom of opinion. But what we don't have is freedom of information."

His analysis is just as relevant today. Every week the editor of the Tijuana newspaper *Zeta* prints an accusation against the son of Carlos Hank González, Mexico's powerful agriculture minister. The younger Hank is suspected of ordering the 1988 murder of *Zeta* co-founder and editor Hector (El Gato) Félix Miranda. Recently the investigative weekly *Proceso* and the newspaper *El Financiero* printed a letter to President Salinas from a former journalist and government official who is in self-proclaimed exile in Washington. He implicated a current cabinet member and other high officials in drug trafficking. So far the government has not seen fit to respond; the rest of the press has failed to pick up the story—precisely the kind of story that Mexican political elite will read in a handful of national newspapers.

But most people get their news from television. According to AMDH, 67 percent rely on television for their news (and 65 percent believe that coverage is biased in favor of the PRI). Television is omnipresent. "People live glued to the television set," as journalist Epigmenio Ibarra has written of his travels through small towns, villages and ranches. "Television

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Barbara Belejack is a freelance writer based in Mexico City.

is the *Agora*, the window to the nation and the world. The Channel of the Stars [as Televisa calls itself]...is one of the few binding ties."

LONG AGO Televisa perfected the fine art of the vertical enterprise, otherwise known as the perfect monopoly. Today Televisa is listed on the New York Stock Exchange and dominates the world's Spanish-language market. It has a stake in the Miami-based Univisión network, in Panamsat, the Stamford, Connecticut-based satellite company that beams programming into Latin America, and the largest Spanish-language publisher in the United States. Televisa has interests in soccer teams and bullfighting, which it endlessly promotes on its newscasts. It owns a Mexico City daily and an afternoon tabloid, and has interests in cable television, video rental and the entire star-making machinery in Mexico and much of the Spanish-speaking world. (Televisa is known for demanding exclusive contracts with its soap stars and recording artists). Over the years, Televisa has been referred to as Mexico's Ministry of Culture or Ministry of Education. Televisa magnate, Emilio Azcárraga, has long been a staunch PRI supporter.

"The President of the Republic, Carlos Salinas de Gortari, is our maximum leader and we are very happy about that," he explained. In March 1993, Azcárraga was present at a dinner with Salinas and several other wealthy businessmen who were asked to contribute $25 million each to the PRI's upcoming campaign. Noting that business was going well, Azcárraga pledged even more money. The story was leaked to the press and produced what is known here as a major *escándalo*. (Apparently business did not go so well this year, as Azcárraga slipped to the number-two ranked billionaire in Mexico, according to *Forbes* magazine. Carlos Slim, of Telmex fame, weighs in at number one.

For some reason, another Azcárraga comment received less media attention: *Mexico es un país de una clase modesta muy jodida, y que no va a salir de jodida. Para la televisión es una obligación llevar diversión a esa gente y sacarla de su triste realidad y de se futuro difícil...* Loosely translated: "Mexico is a country where most people are screwed and always will be. Television is obligated to bring them some diversion and take them away from their sad reality and difficult future."

Until recently, Televisa met that obligation untroubled by competition. Imevisión, the government network, was never a threat. In July 1993, Imevisión was privatized and sold to Ricardo Salinas (no relation to Carlos), a 38-year-old furniture and appliance store entrepreneur with no media experience. (Although Televisa was excluded from the bidding, it received a consolation prize—licenses for 62 new local channels.)

Ricardo Salinas' media debut was not promising. Not only did his network, newly baptized Televisión Azteca, pose a minimal threat to Televisa, he didn't promise much in the way of an alternative for Mexican viewers. "I didn't buy these channels to criticize the government," he said. "Besides, Mexico is not ready for democracy...Television is mainly for entertainment and for women who stay at home." Like Azcárraga, Salinas openly proclaimed his support and admiration for the PRI. When questioned about the blossoming number of billionaires Mexico produced in the current administration, he suggested that was just fine. Let a hundred billionaires bloom. Last month, when *Forbes* published its latest list, the name of Ricardo Salinas appeared along with 23 other Mexican billionaires.

ON MAY 12, Mexico entered the sound-bite era, when the three major presidential contenders appeared in a 90-minute debate that was not exactly a debate, but was certainly a historic moment for Mexican politics. Diego Fernández de Cevallos had the right stuff for television (he sports a beard, smokes a cigar and is adept at one-two verbal punches), telling Zedillo he was "a good boy who got good grades...but your plan has left 40 million in poverty" and chiding Cárdenas for his PRIista past.

Media history was also made the following month, although this time the story played to a smaller audience. On June 7, the nine presidential candidates appeared together at a luncheon with the media elite to celebrate "Press Day." When Cárdenas addressed the audience, he lost no time making up for his lackluster performance during the May debate. "We won't be able to have the accurate, broad-ranging diverse information we need," he said, "as long as the vast majority of televised messages that today saturate our homes obey the political objectives of the ruling party. Televisa—let's be clear about it—is one of the pillars of the authoritarian regime from which we all suffer."

He went on to say, pun intended, "Every 24 hours, democratic options are discredited...the true dimensions and nature of our social reality is hidden and there is an attempt to confuse the public about the character of the political struggle over a fair election."

That night on *24 Horas,* Zabludovsky broadcast excerpts of the candidates' speeches, including Cárdenas, but he omitted the reference to "every 24 hours (*cada 24 horas*) and wrapped up the story with the observation that Zedillo "was the only candidate to offer proposals and be interrupted by applause."

The following day Cárdenas held one of the largest rallies of his campaign, a "comeback" bid at Mexico City's National Autonomous University, a stronghold of Cárdenas support. The lead news story on *24 Horas,* however, was Zabludovsky's 22-minute interview with Zedillo (another media first), an opportunity to ask the candidate how he thought his campaign was going, or how his family life might be, if he were president—"All your married life you have made an effort to maintain an exemplary, close family. We noted that during your time as education minister and other important positions you generally ate at home..."

As Diego Fernández de Cevallos would later complain, there was a tendency among many interviewers to not simply treat Zedillo as the president, but to "elevate him to a god."

EVEN THE GODS, however, take a back seat during the World Cup soccer games. For weeks, Mexico was held hostage to *futbol*, or soccer. Televisa sports reporters and Television Azteca sports reporters battled it out for access to the Mexican team, known as the TRI, in the locker room. The Mexico City daily *Reforma* began taking opinion polls as to which network had the best soccer coverage. Political coverage focused on hanging out with the candidates as they watched the Mexican team play. Early on in the series, when Mexico beat Ireland, Zedillo could be heard saying that the TRI and the PRI were the best teams. Televisa arranged for a phone hookup so that he could call the Mexican team to congratulate it for defeating Ireland. (We don't know that any other candidates called the TRI; when Mexico tied Italy, Carlos Salinas did the calling. When Bulgaria beat Mexico, Zedillo was quoted as saying that futbol was a game and had nothing to do with politics. A Mexico City columnist wrote about "Mejía Baron Syndrome" and urged the nation not to act like the Mexican soccer coach, who was "afraid to make changes."

While Mexico was held hostage to futbol, Acosta and team continued monitoring political coverage. On June 18, the Federal Election Institute (IFE) issued a warning, calling on electronic media "to respect the Mexican people's right to information." In response to Acosta's reports, the IFE announced it would begin its own monitoring project. A preliminary report, prepared at the end of June, concluded that the media favored the PRI.

Sergio Aguayo, director of the Alianza Cívica, wrote an article chastising the commercial coverage. If nothing was done, he said, it would show the Mexican public that, once again, the powerful were above the law. "For many, it would be evidence that

the only alternative is an armed insurrection," he wrote. Aguayo borrowed the plot line from a recent Televisa soap and imagined a telenovela based on Mexico's struggle for democracy. "After hard work and uncountable adventures, society manages to show that the bad guys, the ones who never stop laughing and are sure of their power, really are bad. It's the last episode and society is watching as the anxious governor must choose between private enterprises and society. As always, we'll find out what happens right after these messages."

In this particular episode of the telenovela as described by Aguayo, he and other members of the Alianza Cívica met with Salinas and presented the president with a videotape that brought the media monitoring reports to life. The President's office issued a statement declaring Salinas' belief that political campaigns should receive equal time with respect to voice and image "to the extent permitted by freedom of expression." Soon after, Emilio Azcárraga was seen entering Mexico's Ministry of Internal Affairs. On July 9, Televisa issued a bulletin announcing its decision to grant free, 15-minute blocks of time to all nine presidential candidates at various hours for several weeks. Nevertheless, Televisa insisted that it has always covered the campaigns "with great care."

IN ITS LAST two reports, the AMDH noted with approval that Mexican television broadcasts are now more careful with their coverage of political candidates. There is more balanced use of voice and images. This does not imply any great change in the quality of the newscasts on the commercial networks. Campaign coverage is fairly wooden; candidate X visited city Y and said Z. There is little dialogue or questioning on issues. Moreover, the AMDH reported—for the first time—on the disproportionate amount of advertising favoring the PRI. Among Mexico's recent electoral reforms is a ceiling on campaign spending. At $42 million, the ceiling is a potential problem only for the PRI. In addition, the ruling party candidate has also benefitted from advertising for the government programs, Procampo and Pronasol (anti-poverty programs that have heavy political components). As of August 1, there is a ban on Procampo and Pronasol announcements until after the election—at least a tacit acknowledgement of the political motivations behind those programs. However, there is nothing to stop the president and his cabinet members from touring the country and appearing on the nightly news dispensing funds in the countryside—exactly as they have been doing.

But maybe change is underway after all. Last month, Televisión Azteca signed an agreement with NBC that Salinas says will lead to innovations in election coverage as well as in entertainment. It's still too early to tell whether NBC will contribute anything other than a 24-hour O.J. Simpson network and movies of the week about suburban sleaze in Long Island. But singer Juan Gabriel, who has long proclaimed his PRI loyalty and ties to Televisa, recently announced that he wasn't a PRIista after all, and was not bound to Televisa. Veronica Castro, a Televisa soap star/singer/sometimes queen of nighttime TV was featured on the front page of the entertainment section of a leading Mexico City daily, announcing that she'll support whoever wins the election. We'll come back to our story, after these messages. □

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Dissing the Prez

BY ROBERT SHERRILL

THE AGENDA
Inside the Clinton White House.
By Bob Woodward.
352 pages. New York: Simon & Schuster. $24.

SHADOWS OF HOPE
A Freethinker's Guide to Politics in the Time of Clinton.
By Sam Smith.
278 pages. Bloomington, Indiana: Indiana University Press. $22.50.

THESE TWO BOOKS are, in a way, a perfect introduction to the unfairness and insanity of contemporary book publishing.

Sam Smith, editor of the *Progressive Review*, has for three decades been what is correctly called an "alternative" journalist in Washington, D.C. Alternative to what? Well, for one thing, to that quasi-adjunct to the federal government, the *Washington Post*, which employs the celebrated Bob Woodward as assistant managing editor for investigations.

What I mean by unfairness and inequity is that Sam Smith probably couldn't even get his book accepted by a major publishing house, which is why he wound up at Indiana University Press—a first-rate publishing house, by the way, but very, very small pumpkins compared to Simon & Schuster, which has been Woodward's cash cow since the days when he was writing about Watergate. My guess is that Smith's advance wasn't a dime over $10,000, if he got any advance at all (most university presses don't give any). And my guess, based on the rumors of what he got for his other books, is that Woodward got at least a million bucks up front. If Smith sells 5,000 copies, he'll be lucky. Woodward's book has been Number 1 on the *New York Times* bestseller list for weeks.

AND YET—I don't exaggerate—Smith's book is by far the wiser and more useful and certainly the more entertaining of the two. Leonard Downie Jr., executive editor of the *Washington Post*, is said to have once instructed his staff to "cleanse their professional minds of human emotions and opinions." The tone of Woodward's book indicates he has succeeded in following those instructions. Smith's book overflows with "human emotions and opinions."

If you read all 334 pages of text in the Woodward book, you will have more evidence, offered in driblets, of Clinton's character, but never so succinct a summation as Smith offers in one sentence: "Clinton could cut ethical corners on two wheels without squealing."

Woodward spends the first 50 pages on Clinton's campaign, but it is told with a lifelessness that suggests he really doesn't care that much about politics. His judgments, where he works up the energy to make any, are purely mundane. Smith, on the other hand, is turned on by politics the way Moll Flanders was turned on by a roisterer's wink. His saucy judgments remind one of the way H.L. Mencken handled presidential campaigns: "There were times during the campaign when Clinton's versions of his past reminded one of the Raymond Chandler character: 'smart, smooth and no good.' Tracking a Clinton explanation, whether of past actions or present policy, could be like trying to dance on a floor covered with marbles."

There was a boobishness to Clinton's campaign that Woodward completely misses, but which Smith catches perfectly: "To a few, the convention reintroduction via film and telethon rhetoric was bizarre and tasteless. Imagine, one Democrat suggested, FDR on the podium telling the full story of his struggles with polio or Harry Truman turning offstage *a la* Clinton and saying huskily, 'I love you, Bess.'"

Which isn't to say that *The Agenda* does not have some flashes of drama and perhaps some usefulness. It contains an abundance of evidence of Clinton's lack of an inner compass, and of staff members who recognized that shortage. Woodward tells of a disgruntled Clinton adviser who drew a square on a piece of paper, tapped it with his pen and asked rhetorically, "Where is the hallowed ground? Where does he stand? What does he stand for?"

But for the unforgettable example to go with those questions, you have to turn to *Shadows of Hope*, where Smith points out that Hillary Clinton, speaking on behalf of her husband, told reporters, "We also abhor the craze for the death penalty. But we believe it does have a role." This (as Smith points out), from a President who proposed 50 new capital crimes in his first year and who, as a candidate, "left the New Hampshire campaign to oversee the execution of a lobotomized black murderer named Rickey Roy Rector, a man so removed from reality, reported Richard Cohen, that 'at his last meal, he set aside a slice of pecan pie so he could have some later.'"

Standing-for-nothing-in-particular is, of course, not an attribute unique to Bill Clinton. It is, in fact, the core philosophy of that group called the neo-liberals or New Democrats, of whom Clinton is momentarily the prize example. The hallmark of the New Democrats is fuzzy thinking and meaningless jargon—language (Smith writes) that "sounds significant while in fact being completely devoid of sense, such as 'recognizing the integrity of people dealing with each other.' Some of it is Orwellian reversal of meaning such as the president's pronouncement after his first budget squeaked through: 'The margin was close, but the mandate is clear.' This is the language not of the rationalists that the communicators claim to be, but straight from the car and beer ads."

Woodward writes of the pre-campaign Clinton: "Though not well known on the national stage, Clinton was a leader in a movement of self-styled 'New Democrats' who rejected the party's liberal orthodoxy. Mostly Southerners, they were trying to convince the middle class that the Democratic Party could be strong on foreign and defense policy, moderate on social policy, and disciplined in spending tax money, and taming runaway government. While retaining the ideals of the New Deal and Great Society, New Democrats sought more efficient activism. Clinton had been traveling the country saying that these ideas were neither liberal nor conservative, but both, and different."

Since the neo-liberals are, by Woodward's count, "mostly Southern," it is fair

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Robert Sherrill, a former Observer *editor, is a freelance writer in Tallahassee, Florida.*

to say that they want to substitute orthoDixie for orthodoxy. And what is orthoDixie? It's hard to figure out, but it seems to be a kind of ideological silly putty; throw it against the wall and it splatters into the design of conservative liberalism or right-wing left-wingism. The New Democrats can thereby claim to "retain ideals" (in Woodward's phrase) while allowing the ideals to be gutted in the federal budget, which, as we shall see, is exactly what Clinton did.

Not surprisingly, the New Democrats put the noblest interpretation on their position. Smith writes that among the chief virtues "claimed by the Clintonites is the ability to rise above the petty disputes of normal life—to become 'post-ideological.' For example, the president, upon nominating Judge Ginsburg to the Supreme Court, called her neither liberal nor conservative, adding that she 'has proved herself too thoughtful for such labels.' In one parenthetical aside, Clinton dismissed three hundred years of political philosophical debate.

"Similarly, when Clinton made the very political decision to name conservative David Gergen to his staff, he announced that the appointment signaled that 'we are rising above politics.'"

This sterile notion of "politics without politics" did not afflict Clinton, however, until after he reached the White House. As a candidate, he was political right up to his adam's apple. Then he was the fighting partisan, gushing populist rhetoric. Then he damned the rich and vowed he would make them pay their fair share of the cost of government. Then he vowed to "invest in human beings." That was to be his big crusade: a $20 billion "investment" program—which in the campaign was known as Putting People First. In the campaign there had been much talk about a "new covenant" and that sort of thing, and, as Smith notes sarcastically, "There was mention of 'vision,' but as they say in Texas, it was all hat and no cattle."

Once in office, all of that changed. He began speaking of fat cats as kitties who deserved their cream. *Time* magazine found that "the phrase 'new covenant' had virtually disappeared by the spring of Clinton's first year in office. A check of five major newspapers found it mentioned forty-five times in July 1992...but only four times the following April." It is this stunning reversal of Clinton's attitude—or the "hijacking of the presidency" by the fat cats, as one frustrated insider put it, that supplies the drama, such as it is, in *The Agenda*.

Probably the most outspokenly eloquent and militant of this group was Paul Begala, who had been the partner of James Carville, Clinton's chief campaign strategist. Begala deserves special praise because it's rare to find a campaign hired hand who hangs around and really fights to make a politician live up to the promises that the strategist had put in his mouth.

On the other side were those who believed that Clinton should forget those promises and instead do whatever was necessary to please Wall Street. First and foremost, they believed he should cut the deficit (even though, as Sam Smith points out, our deficit, as a percentage of the gross national product, is below the European Community average) to such an extent that interest rates would stay low enough to help the bond market. In setting Clinton's first budget, the bond market ruled the roost.

It did so through the influence of Leon E. Panetta, the budget director, whom Begala called "The Poster Boy of Economic Constipation"; Alice Rivlin, Panetta's assistant; Texas' own Lloyd Bentsen, Treasury Secretary, sometimes known as "Loophole Lloyd"; and Alan Greenspan, chairman of the Federal Reserve. Before describing Greenspan's secret role, let me remind you of his character. When Charles Keating, now serving time as one of the S&L scandal's most notorious swindlers, needed help lobbying for special treatment in Washington, Greenspan hired out as a sleazy peddler of endorsements, writing letters to Congressmen and to the bank board arguing that Keating's desires should be met because he was a financier of infinitely sound judgment and ethics.

Working secretly with Bentsen—by which I mean Clinton didn't know what was going on—Greenspan (a protege of the Nixon-Reagan-Bush axis) became what Woodward describes as "the ghost writer of the Clinton (economic) plan." He and Bentsen, to whom "the bond market had become the new god," had the most to say about how much the deficit should be reduced to please Wall Street. And Bentsen was perhaps the chief hatchetman in persuading Clinton which pro-people programs to kill—including the BTU tax and welfare reform, which Clinton had promised during his campaign.

The saddest part of Woodward's story is that Clinton clearly had neither the wit nor the will to put up a fight for a good economic plan but was, in his trashy backwater Arkansas fashion, content to accept an economic plan of which he privately said, "I know this thing is a turkey." We are told that Clinton was frequently furious with Bentsen and Panetta, and "raged" about these "'Wall Street' advisers who, he said in moments of ire, didn't care about his campaign promises or share his vision." And yet he continued to surrender to them; indeed he continues to do so to this day, as seen by the fact that Panetta—who Clinton felt had betrayed him by withholding vital information about the budget—has since been promoted to White House chief of staff.

The White House described in *The Agenda* is one of managerial chaos—matching Clinton's mental confusion. "One moment he wanted more costly investments," Woodward writes, "the next moment more cuts." Woodward quotes a memo written by three of Clinton's advisers: "One of the central problems we face is the perception that there's no coherence or principle or purpose to the president's actions." Clinton sometimes sees himself clearly. "We've lost track of why we ran," he says at one point. And later, bitterly to his staff: "I hope you're all aware we're all Eisenhower Republicans."

Pitifully, the highest hope Clinton expresses in these pages is that somehow—somehow—he will be able to get "something for the common man" into the budget before 1996 so that he can "crawl through to re-election."

ONE CANNOT conscientiously review the Woodward book without addressing the question of how such a book came to be. The frightening thing about the Clinton presidency is not, as this book shows, that it is an aimless hybrid of conservative liberalism (if such a mixture can actually exist within nature). The frightening thing is that the Clinton Administration clearly has no pride. None at all. Equally evident is that within the White House there is a shocking lack of what is absolutely necessary to the management of any enterprise: loyalty to the leader. Proof of the absence of pride and loyalty lies in the existence of this book. It is constructed from an appalling flood of leaks.

David Brock was right in his review of *The Agenda* when he said, "The only scandal here is that members of the president's inner circle were willing to confide in Woodward their inner-most fears and frustrations and disappointments regarding Clinton's personal failings so early in his presidency."

Woodward claims (and I believe him) he interviewed more than 250 persons, dozens of whom spent hours with him. All interviews were on "deep background," which of course simply means Woodward promised never to identify the leakers (unless you want to go through his files at Yale University 40 years from now)."Many," he writes, "also provided me with memoranda, meeting notes, diaries, transcripts, schedules, or other documents."

Why the hell this rush to squeal to the press?

In the life of a democratic government, leaks are, of course, not only inevitable but absolutely necessary for the dissemination of information that the public should have. If we had to rely solely on government handouts or on information that officials allowed to be put on the public record, we

would be, to a perilous degree, ignorant. It is safe to say that virtually all the major "investigative reporting" that comes out of Washington does not originate with assiduous digging on a reporter's part (although that may occur in a follow-up fashion) but with information that has been handed to him by a disgruntled, public-spirited or ambitious leaker. And the fact that the motivation of the leaker is often less than noble—often the motivation is envy, spite, or revenge—does not lessen the value of the leaks.

But how can this flood of leaks be defended? After all, this isn't the Lyndon Johnson White House, where we had a president who consistently lied about the Vietnam mess he was dragging us into. And it sure isn't the Nixon White House, where the president systematically plotted little fascist schemes to frustrate honest opponents. We would have greatly benefitted if there had been an army of White House leakers in those days.

But this is simply the White House of a moderately talented yokel who was obviously out of his depth but attempting in a reasonably decent if misguided fashion to cope with a budget that had been totally screwed up by his Republican predecessors.

The incredibly disloyal blabbering of Clinton's aides has done nothing that I can see to safeguard the republic, but it sure as hell has hurt his chance to lead by portraying him as a weak, wavering dolt. And that he may be. And if he is, the public should know it. But there is something unseemly, to say the least, about a staff that contributes to such a portrayal of their boss in his very first year, before he has had a real chance to get his feet on the ground.

If Clinton had a modicum of pride, he would fire every person (except, for obvious tactical reasons, Hillary) mentioned favorably in *The Agenda* (as I like to think LBJ would certainly have done), on the reasonable assumption that they had helped Woodward write the book. Instead, the only significant demotion has been that of Thomas McLarty, White House chief of staff, who, as it happens, is the person treated the most scornfully in *The Agenda*, which probably means McLarty refused to play the leaking game with Woodward and paid the price for his refusal. And who was promoted to McLarty's old post? Panetta, who, judging from the way Woodward treats him, was one of the biggest blabbermouths. Clinton just doesn't seem to get it.

And finally, let me warn potential buyers of *The Agenda* that going behind the scenes with Woodward as your guide isn't all that exciting. He tries some rather hokey tricks to make you think "you are there"—as when he tells us "a half-filled plate of cookies sat on Clinton's desk" and mentions that one official left "two sweaty palm imprints on the table." Hey, wow! And does Woodward really think we will be titillated by such "exact" quotes as this from George Stephanopoulos: "Are you shitting me? You'd better get your ass over here. Fuck, he'll be rat shit if you're not here." Gee whiz, not since Nixon's tapes have we read such thrilling cussing!

Apparently in a desperate effort to create a sexy come-on, Woodward opens the book with the scene of Hillary and Bill lying in bed in Little Rock in 1991 (since the last scene of Woodward's last book found him allegedly interviewing the dying Bill Casey in a hospital bed, this can be considered a continuation of Woodward's dubious between-the-sheets exposés). The dialogue goes like this:

"I think you have to do it," said the state's First Lady.

"Do you really?" Governor Bill Clinton asked his wife from their double bed.

"Yeah."

"Why do you believe that?"

"I think you are absolutely the right person to make these arguments," she explained.

"You really think so?" Clinton asked.

"Yeah," she said. "I really think so."

"What do you think will happen?"

"I think you'll win."

"You really think so?"

"Yeah, I really think so." Etc.

Obviously, Bill's most scintillating pillow talk isn't with his wife. But to be fair, I will say that not many other sections of the book are quite that dull. □

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Texas Pitch Man

BY STEVEN G. KELLMAN

THE MEANING OF NOLAN RYAN.
By Nick Trujillo.
176 pp. College Station:
Texas A & M University Press.
$24.50 hardcover, $13.95 paperback.

"UNHAPPY the land that needs a hero," exclaimed Bertolt Brecht, and you can tell a lot about a land—and its unhappy people—by the kinds of heroes they need and invent. On August 23, 1989, the day after Nolan Ryan pitched strikeout 5,000, a *Dallas Morning News* editorial extolled the veteran hurler in Homeric terms: "Unfortunately, in these times of pill poppers and gamblers, the private lives of too many ballplayers in all sports are hardly fit for prime time. A towering exception is Mr. Ryan. From work habits that have kept his middle-aged muscles fighting trim, to a clean-cut personal life straight out of the rural Texas he loves, Mr. Ryan is a hero for all ages."

Like *The Odyssey*, baseball tells the story of men who make their way back home in triumph. Born in Refugio in 1947 and reared in Alvin, Nolan Ryan began his major league career in 1968, exiled to the capital of American decadence, as a rookie for the New York Mets. Traded to the California Angels in 1972, he moved from the East Coast Scylla to the Charybdis of southern California. But Ryan flourished fully only when he returned home, to play for each of the major league teams of his native Lone Star State. From 1980-88, he threw for the Astros in Houston, north of the rural Alvin in which he left his hearth. From 1989 until retirement in 1993, Ryan pitched in Arlington, for a local franchise that presumes to call itself the Texas Rangers. Professional athletes are itinerant mercenaries, but, despite his three relocations, few other stars are as closely identified with a particular place as Ryan—nicknamed "the Texas flame-thrower" during a minor league stint in Florida—is with this state. While Pete Rose remains a son of Cincinnati, Ryan's Texas is a much more potent myth than anyone's Ohio.

"Hey, I wouldn't steer you wrong," promises Ryan in a current ad for US Long Distance. Behind the retired right-hander and active rancher stand a few obliging steers. Ryan's ability to embody the myth of frontier Texas gave an aging athlete second life as a salesman—for Advil, Bic, Biz-Mart, Duracell, the *Fort Worth Star-Telegram*, Justin Boots, Kellogg's Corn Flakes, Nike, Southwest Airlines, Stadium Lincoln-Mercury, Starter Apparel, Whataburger and Wrangler Jeans, among others. He owns two banks and several ranches, and his annual Arlington salaries exceeded $3 million, but his 1992 income merely from endorsements was approximately $4 million. He also earns about $2 million a year just by signing autographs. Whatever other kind of Texan Ryan is, he is a shrewd and rich one. According to Nick Trujillo, he "reaffirmed the link between sports and capitalism in American culture."

Neither Ryan nor Trujillo seems much inclined to ponder the meaning of life—or even a life. *The Meaning of Nolan Ryan* is less interested in existential questions than sociological ones. Trujillo's brief and often repetitious book is not a sports biography or any attempt to take the full measure of a famous man. Instead, it is a study in iconography, in the cultural mechanisms by which "Nolan Ryan" has been constructed and promoted. Trujillo, who teaches at California State University, Sacramento but began research while at SMU, examines how the values of humility, wholesomeness, discipline and loyalty were projected onto Ryan; how, in an age of racial strife, social disintegration and AIDS, Ryan became a paragon of monogamous, heterosexual, white masculinity. Offering no revelations about the man, Trujillo confines his observations about Ryan to the public record, to how and why that record was written.

Ryan holds more than 50 baseball records, including no-hitters (seven), one-hitters (12), strikeouts (5,714) and hits allowed per nine innings (6.54). He is legendary for his overpowering fastball, clocked one game at 100.9 mph, and for the fact that neither could anyone match him when he lost control; Ryan set records for wild pitches (277) and walks (2,795). Though he won more than 300 games, he lost almost as many, in a career that spanned an unprecedented 26 seasons. Still dominant at 46, Ryan became an inspiration to Baby Boomers who had lost their bloom.

Though he had long since surpassed Walter Johnson's strikeout mark of 3,508, Ryan's arbitrary milestone of 5,000 strikeouts became a major media event. On the same day, May 1, 1991, that Oakland's Rickie Henderson overtook Lou Brock in career stolen bases, Ryan, who had already outdone Sandy Koufax's four no-hitters, pitched his seventh. Yet, as Trujillo notes, Ryan became front-page news, even in California, while Henderson's accomplishment was relegated to sports reports. He attributes the disparity to public preference for a sedulous white Texas cowboy over a flamboyant urban black braggart. Ryan drives a pickup, not a Porsche, and calls John Wayne his personal hero. His enduring devotion to Ruth, the high school sweetheart he married in 1967, and their three children has helped make Ryan himself hero to a middle class anxious over sexual complexities. At least 10 teammates have named their own sons Nolan, after Lynn Nolan Ryan, Jr., an ostensibly exemplary son and father. The State of Texas named a stretch of Highway 288 after its most fabled baseball player, and the town of Alvin erected a statue to him in front of city hall, a few blocks from the Nolan Ryan Museum.

Except for Joe DiMaggio, it is hard to think of another baseball player since the death of Jackie Robinson who has been canonized in Ryan's way. Few other stars in any sport enjoy his recognition, and what is now recognized in Magic Johnson and O.J. Simpson are values that are not nearly as attractive as Ryan's apparent down-home wholesomeness. Bill Bradley and Jack Kemp lifted themselves up by their own jockstraps, translating athletic celebrity into electoral success. Since players and politicians are equally creatures of image, Ryan, who traces his ancestry to a signer of the Declaration of Independence, might seem poised for ballot-box shutouts. In 1990, he almost ran against Jim Hightower for Texas agriculture commissioner, before throwing his support to the victor, Republican Rick Perry. "Don't be surprised," says Trujillo, "if Nolan Ryan is elected president of the United States in November of 2008 or 2012—after a successful term or two as the governor of Texas." I would be surprised, if only because the famous fireballer has not been as fast in throwing his hat as has George W. Bush, president of the Texas Rangers. □

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Continued from pg. 24

Politics in Washington, D.C., 210 Texans have given North $200 or more, for a total of $99,956, in addition to any smaller contributions he has received. The *Washington Post* has reported that the former Marine colonel and national security aide in the Reagan White House has raised 87 percent of his campaign funds from outside Virginia, mainly through direct-mail and phone appeals.

✔ **NAFTA TALK.** *New York Times* business reporter Allen Meyerson might have captured the spirit of the North American Free Trade Agreement when he wrote: "In Dallas 1994, saying you are just back from closing a deal in Monterrey or Mexico City, or from honing your accent in Cuernavaca, confers just as much cachet as saying in Dallas 1984 that you had just topped out your office building or bought your own frisky savings and loan."

✔ **NAFTA ACTION.** What's good for General Motors isn't always good for Mexican workers. At least that's what a labor demand, filed by General Motors workers in Ciudad Juárez, across the river from El Paso, suggests. Workers in GM's Juárez plant, Compania Armadora, are demanding that GM negotiate a contract with them. General Motors has responded by a threat to close down the plant, rather than recognize the union and enter into collective bargaining with it. The independent Mexican union seeking recognition at Juárez's GM plant has been collaborating with the United Electrical, Radio and Machine Workers in the United States in developing a transnational strategy to assist labor in dealing with transnational coorporations.

✔ **GREENPEACE V. RICHARDS.** A Greenpeace "Media Alert" warns that Ann Richards is on the wrong side of the issue of radioactive waste disposal and a bill under consideration in the U.S. Senate will keep the state on the wrong side, that is the receiving side, of the issue. Senate Bill 2222, sponsored by senators from Maine and Vermont and "pushed heavily last year by Governor Ann Richards," would establish a radioactive waste compact between Texas, Maine and Vermont. The compact, as approved by the Texas Legislature last year, would allow the two New England states to dispose of their low-level waste in Texas, where a dumpsite has been designated at Sierra Blanca in far West Texas. Other states will be allowed to enter the compact after it is created, according to Greenpeace. "The Governor and dump proponents pretend this compact issue is complex," wrote Greenpeace campaign coordinator Sherry Lee Meddick in Austin. "But there's nothing at all complex about it. The compact sets Texas up as a dumping ground for the nation's radioactive waste." Greenpeace urges opponents of the Sierra Blanca dumpsite to call Senators Phil Gramm and Kay Bailey Hutchison.

✔ **BUGGING OUT.** After missing even the touch-and-go landing on the first two rounds of the military base closing procedure, Reese Air Force Base, west of Lubbock, now looks like it has a target painted on it. To avoid going the way of Bergstrom and Carswell, two other closed Texas bases, the city of Lubbock committed up to $300,000 in local money in its "Reese Retention" campaign. So far, the city has created an in-house task force, hired a Washington lobbyist at $10,000 per month to ensure that the pilot training base stays off the 1995 hit list and ordered bumper stickers that urged "Retain Reese." Without being asked, the printer observed election-time custom and affixed the logo of a small typographers' union to the Reese stickers. West Texas is not a hospitable place for organized labor, but the irony of a union bug on a City of Lubbock publication raised questions and the task force briefly considered ordering a reprint. The city broke a nascent garbage collectors' union in the early 1970s, and the current City Council remains enthusiastic about privatization, the 1990s version of old-fashioned union busting. The Reese bumper stickers are now visible on cars in Lubbock.

✔ **VALLEY TOXINS FOUND.** U.S. Environmental Protection Agency officials recently found toxic pesticides, arsenic, lead and PCBs in the soil, air and food of nine households in its first study of pollution in the Lower Rio Grande Valley, but they say they cannot draw any conclusions until another, larger-scale study is done in 1995. Meanwhile, the Associated Press reported that the Texas Department of Agriculture moved quickly to play down the findings of pesticide residues in blood and urine of residents. ☐

This is Texas today. A state full of Sunbelt boosters, strident anti-unionists, oil and gas companies, nuclear weapons and power plants, political hucksters, underpaid workers and toxic wastes, to mention a few.

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POLITICAL INTELLIGENCE

✔ **RADIOACTIVITIES.** Various state, national and private agencies have put together a seminar on radiation for journalists, scientists and government officials and others who might be willing to pay $20 to hear how low-level radioactive waste dumps are harmless. "Radiation: The Public Depends on You," set for Aug. 17 at the Doubletree Hotel in Austin, is sponsored by the National Low-Level Waste Management Program, South and North Texas Chapters of the Health Physics Society, Texas Radiation Advisory Board and the Texas Department of Health, with U.S. Department of Energy cooperation. Among the invited speakers are Jack S. Krohmer, chair of the Texas Radiation Advisory Board; state Health Commissioner David R. Smith; an unnamed DOE representative; right-wing media critic Reed Irvine; three physicists who are considered friendly to the nuclear industry; and the editor of a defunct Sierra Blanca newspaper that supported placement of a low-level radioactive waste dump in Hudspeth County. Uninvited was the editor of the surviving Sierra Blanca newspaper that opposes the dump. Sensing the need for balance, the Border Coalition Against Radiation Dumping, which includes Greenpeace, Texans United, the Texas Nuclear Responsibility Network and others, has organized "Radioactive Reality Check: What the State Won't Tell You" across the hall at the hotel. Their speakers include Hugh Kaufman, a former EPA investigator who blew the whistle on Love Canal and is currently researching complaints about border dumping; Jan Kirsh, an oncologist, discussing the health effects of low-level radiation; Robert Bullard, who will discuss environmental racism and grassroots activism; and Marvin Resnikoff, director of the Radioactive Waste Management Association. They also will participate in a public panel discussion Aug. 16, at 6:30 p.m. at the Carver Public Library in Austin.

✔ **STARR BURST.** Some Democrats are questioning the independence of Kenneth W. Starr, a Republican activist and Vernon native who was named by a Republican-dominated panel of federal judges to replace Robert B. Fiske as independent counsel to investigate the Whitewater controversy. Starr contributed $1,000 to the campaign of Tex Lezar, the Republican candidate for lieutenant governor who has devoted almost his entire campaign to attacking President Clinton with "Whitewater update" radio spots, the *Washington Post* reported. Starr, former solicitor general under President Bush, also reportedly considered running for the Republican Senate nomination in Virginia and had filed a legal brief to undermine Clinton's attempt to delay a federal lawsuit by a former Arkansas state employee who claims Clinton made sexual advances while he was governor.

✔ **RABID RESPONSE.** Environmental advocates are outraged that Agriculture Commissioner Rick Perry, citing a rabies outbreak in West Texas, wants the U.S. Environmental Protection Agency to allow ranchers to resume use of a highly toxic poison that has been banned for 22 years. Acting on a request by the Texas Sheep and Goat Raisers' association, Perry asked for authority to use Compound 1080 to combat the spread of rabies among foxes and coyotes, but Dede Armentrout of the Audubon Society in Austin noted that rabid animals usually do not eat, so the poison is more likely to kill healthy animals. She suggested that the ranchers are really trying to control the predator population. Sierra Club spokesman Scott Royder noted that a few grains can kill a human and the odorless, colorless poison, which would be distributed in fat cubes, has no antidote and induces a slow, agonizing death. The chemical, which a Denver poison center has suspected in 100 human poisoning cases since 1974, also poses a threat to dogs, cats and other animals, including eagles, hawks and endangered wildcats. Pat Wolff, an environmentalist from Santa Fe, N.M., said the U.S. Department of Agriculture's Animal Damage Control is behind the move to escalate poisoning. The federal Centers for Disease Control recommends vaccination programs and education to control rabies.

✔ **KILLING PACE.** With the execution of Robert Drew, Harris County had sent 33 people to death, more than any other state except Florida, which also has carried out 33 executions, according to the *New York Times*. Texas leads the nation with 79 executions since 1982 and more than one-fourth of the 388 inmates on death row were sent from Harris County. Harris County's 108 capital convicts surpass the death row populations in 23 states and far outdistance the 31 inmates from Dallas County. Meanwhile, both Gov. Richards and her rival, George W "Junior" Bush want death row appeals to move faster but neither wants to pay for attorneys to help the inmates in those appeals. The state relies on volunteer lawyers to represent condemned inmates after the first procedural round of appeals and 75 death row inmates currently do not have attorneys. The governor's office noted that the average death row stay is 10.5 years. In the past six years, the *Dallas Morning News* noted, six condemned inmates have been freed after appeals that lasted as long as 13 years.

✔ **SECRECY INDUSTRY.** One of the most widely known secrets in Washington is that the nation spends approximately $28 billion on spy agencies, but the U.S. House, on a 221-194 vote July 19, defeated an attempt to acknowledge the amount spent by the CIA and other intelligence agencies, much less cut that spending to reflect post-Cold War realities. The only Texans voting to publish the spy budget totals were Jack Brooks of Beaumont, Henry B. Gonzalez of San Antonio and Gene Green of Houston, all Democrats. Meanwhile, the White House Office of Management and Budget estimated that the government spends $16 billion every year on security classification, the *Washington Spectator* reports. The Defense Department and the CIA (which even classified its outlays for wheelchair ramps at its headquarters) aren't the only ones with secrets: Interior employs 30 workers full-time at $246,000 annual cost and Education spends nearly $15,000 a year on its own employee "classification guide" and a half-dozen "secure telephone lines." The Information Security Oversight Office, which is supposed to encourage declassification, reported that the number of classified documents was up 5 percent in 1993 over the previous year.

✔ **NORTH BY SOUTHWEST.** Texas has been good to Oliver North, the Republican candidate for the U.S. Senate from Virginia by way of the Iran-Contra hearings. According to Federal Election Commission reports mined by the Center for Responsive

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