
Campaign 1986

Texas elites are in disarray

by Harley Schlanger

Life was comfortable, and the world seemed quite simple to the political and financial elite of Texas, until the middle of 1985. Attempts to discuss strategic reality with one of them was always a bit unsettling. Unmoved by evidence of the steady erosion of the productive base of the Texas economy—the collapse of agriculture, timber, the steel industry, trade—he would dismiss these warning signs with a smug smile.

“Don’t worry, they’ll always need oil,” was the pat answer. Then, with a broad sweep of the arm, aimed vaguely at the gleaming, modernistic skyline of Houston, or Dallas, or the acres of grazing land on the ranch, he would intone, “Besides, this is Texas. We believe in free enterprise. That’s what built this state.” And he would add with a sly wink, “If things ever do get out of control, we’ll just get our boys up in Washington to fix things for us.”

They’re not so smug anymore. Reality, in the form of collapsed oil prices and an impending blow-out of real estate markets, has caught up with them. Their once mighty Texas banks have been shaken, and they are jumping ship. On April 1 alone, 11 directors of First City Bancorp. of Houston, a full one-third of the board, announced they were stepping down, to “devote all their available time to their own businesses,” according to one of the directors. Included among these are some of the most powerful figures in the state: former U.S. Ambassador to the Court of St. James Anne Armstrong (of the legendary King Ranch); Corbin Robertson of the Cullen family; John Diesel, president of Tenneco, Inc.; and Randall Meyer, president of Exxon U.S.A. A letter sent to shareholders of First City described these resignations as “truly of historic proportions for Texas and its banking industry.”

The same day, MCorp, parent company of Houston’s fourth largest bank, announced a first-quarter loss of between \$120 million and \$130 million, while on April 4, Mainland Savings of Houston, with \$1 billion in assets, went under, the largest S&L to fail in U.S. history.

The political fix is no longer secure either. As the price of oil dropped, Texans looked to Washington for help. Texas’s senior Sen. Lloyd Bentsen (D) authored legislation for an oil-import tariff, but was unable to move it through Congress. Gov. Mark White, a Democrat, has appealed repeat-

edly to President Reagan to implement a tariff to protect domestic oil producers, but his actions have been blocked by fellow Texans Sen. Phil Gramm (R) and Treasury Secretary James Baker, among others. They have declared the tariff proposal “dead.”

In fact, what may soon be dead is domestic oil production, and Texas banks and financial institutions. Independent oil producers are filing bankruptcies in record numbers. Their “clout” in Washington is gone and, with it, their illusions of power.

These developments are the logical results of a gradual change in the outlook of business and political leaders in Texas. The real “frontier spirit” which built this state was neither that portrayed by Hollywood in its phony westerns, nor in today’s soap operas like “Dallas.” Those who built this state were characterized by their desire to conquer the wilderness, to build cities, to use the resources available today to pave the way for new technologies tomorrow. They supported Great Projects, featuring collaboration between government and the private sector, with programs ranging from railroads to interstate highways, from massive irrigation projects to port construction, from military bases to NASA.

Many of those former congressmen from Texas, almost all of them Democrats, were spokesmen for the American System of political economy. Though one can hardly argue that they were truly great statesmen, congressmen such as Wright Patman, who maintained a tight leash on the Federal Reserve Board, and Olin Teague, who fought to bring NASA to Houston, towered above the mediocrities who represent Texas today.

The real-estate ‘nouveaux riches’

This change in outlook occurred during the 1970s, as the lure of “easy money” from speculative ventures grabbed hold of the previously cautious Texans. As oil revenues soared, money poured into realestate ventures. New, ugly office buildings popped up overnight, tens of thousands of cheaply made apartment complexes were built along side them. Banks jumped into offshore operations, and the Texas elite grew fat and happy.

Along with this came a political realignment. The mod-

erate/conservative Democrats in Texas at first resisted the takeover of the national Democratic Party by McGovern forces in 1972. However, by 1980, with the election of Bob Slagle as Democratic state chairman, the liberal crowd had taken over in Texas, coming in on the backs of the gay-rights caucus, Yuppies, and other fruity splinter groups. The traditional outlook of Texas Democrats, of economic growth fueled by technological innovation, combined with commitment to a strong national defense, was cast aside.

Many of the elites accommodated themselves to this by becoming Republicans. In the past, Texans treated Republicans as though they had some sort of social disease. Yet, in 1978, Bill Clements, a Republican, was elected governor. In 1984, the GOP captured 4 additional congressional seats (giving them a total of 10 seats), and made substantial gains in both the state House and Senate and on the county level. And a party-jumping, free-market fanatic, Phil Gramm, was elected to the U.S. Senate.

Pollsters predicted that the voters would leave the Democratic Party in droves in 1986, to vote in the "hotly contested" GOP gubernatorial primary. Recent polls show that this is not happening, that many among the traditional Democratic constituencies who voted for Reagan in 1984, will sit this election out. The economic collapse, made worse by the new Gramm-Rudman cuts, is causing a "lack of confidence" in the Republicans.

If the GOP heyday is to be so short-lived, where will the voters turn? The answer to this explains the reaction to the LaRouche slate, by the state's leading liberal Democrats, including the county chairmen in the three most populous counties, and the media in the major urban centers, which has been undisguised hysteria. The press has been filled with enraged shrieks and absurd slanders against the LaRouche Democrats. Top-level opponents of LaRouche have acknowledged the cause of their fear, that the LaRouche Democrats, who number more than 200, are the only ones addressing the issues raised by the economic collapse.

The LaRouche slate is headed by the statewide campaign of farmer Noel Cowling for Agriculture Commissioner. Cowling is running against Jim Hightower, a radical environmentalist whom Cowling has accused of working with the grain cartels to destroy Texas agriculture. Hightower says the plight of the farmers is due to "overproduction." He has proposed that farmers slash production, growing only enough for family subsistence, with a small margin to be sold at farmers' markets. To make money, he advocates growing Christmas trees and blueberries! Cowling has challenged Hightower to debate, but Hightower has declined, fearing that his carefully crafted image as a "fighter for the little guy" would be ripped away. Hightower privately has told his supporters that he takes the challenge by Cowling "seriously."

Backing up Cowling's candidacy are 12 candidates for Congress (11 Democrats and 1 Republican running against Phil Gramm-clone Dick Army in Arlington), and 22 candidates for Democratic Party county chairmen. Two of the

candidates for Congress, Susan Director in the 22nd District, and Harry Kniffen in the 7th CD, are running unopposed and will be the Party nominees in November. Also targeted are several Democratic incumbents who voted for Gramm-Rudman, such as Mike Andrews (opposed by LaRouche Dem Curtis Perry II), Martin Frost (opposed by Gardell Morehead), and John Bryant (opposed by Greg Witherspoon).

Though many of the liberal Democratic leaders claim that they dismiss the chances of LaRouche candidates, they are moving frantically against them. They are particularly worried about the gains they expect will be made by LaRouche in party offices, such as precinct and county chair positions. LaRouche supporters won more than 20 precinct positions in the 1984 elections, and gathered more than 30% of the vote in county chair races in 12 counties. Slagle will be sending a mailing to 18,000 activists, and county leaders will do the same in their counties. In Fort Worth, Dallas, and San Antonio, what's left of the party apparatus is being thrown into a campaign to defeat the 160 candidates associated with LaRouche running for precinct chairmen, with officials urging door-to-door campaigns, to counter LaRouche candidates who are conducting such walking tours daily. Observers report that the LaRouche opponents are having difficulty generating enthusiasm among party workers to carry out this task.

With Texas the next state after the Illinois primary, LaRouche opponents are quite fearful. Some observers note that vote fraud is not unknown in Texas, pointing to the desperation in the voices of Slagle and others who are plotting the "anti-LaRouche movement."

LaRouche congressional slate in Texas

- CD 5: Greg Witherspoon, Dallas; against Bryant
- CD 6: Leonard Rinaldo, Gramm's former district
- CD 7: Harry Kniffen, unopposed
- CD 8: Harley Schlanger, one opponent
- CD 12: Elizabeth Arnold, Fort Worth, against Jim Wright
- CD 18: Dorothy Stephens, against Mickey Leland
- CD 21: Terry Lowry, open seat
- CD 22: Susan Director, unopposed
- CD 24: Gardell Morehead, only opponent of Martin Frost
- CD 25: Curtis Perry II, only opponent of Mike Andrews
- CD 26: Clyde Riddle, Republican primary, against Army
- CD 27: Ken Rich, only opponent against incumbent Ortiz