

THE TEXAS Observer

A JOURNAL OF FREE VOICES

JULY 26, 1991 • \$1.50

**ANOTHER
DHS
MESS?**
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The President's Son and His Slippery Friends

Story on page 12



A JOURNAL OF FREE VOICES

We will serve no group or party but will hew hard to the truth as we find it and the right as we see it. We are dedicated to the whole truth, to human values above all interests, to the rights of human-kind as the foundation of democracy: we will take orders from none but our own conscience, and never will we overlook or misrepresent the truth to serve the interests of the powerful or cater to the ignoble in the human spirit.

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SINCE 1954

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SUBSCRIPTIONS: One year \$27, two years \$48, three years \$69. Full-time students \$15 per year. Back issues \$3 prepaid. Airmail, foreign, group, and bulk rates on request. Microfilm editions available from University Microfilms Intl., 300 N. Zeeb Road, Ann Arbor, MI 48106. Any current subscriber who finds the price a burden should say so at renewal time; no one need forgo reading the *Observer* simply because of the cost.

THE TEXAS OBSERVER (ISSN 0040-4519/USPS 541300), © 1991, is published biweekly except for a three-week interval between issues in January and July (25 issues per year) by the Texas Observer Publishing Co., 307 West 7th Street, Austin, Texas 78701. Telephone: (512) 477-0746. Second class postage paid at Austin, Texas.

POSTMASTER: Send address changes to THE TEXAS OBSERVER, 307 West 7th Street, Austin, Texas 78701.

DIALOGUE

Prisoner of the Beltway

In his opening sentence "Out in America" Mr. Yeager ["A Man for All Parties," *TO* 6/28/91] is astounded to learn that the appointment of Robert Strauss was received with equanimity, even by that great liberal bible *The New York Times*. He may have grown up in Houston but it is abundantly clear that he has become a prisoner of the Beltway. I have not recently read an article which more truly reflects the anguish of the eastern liberal Democrat true-believer. On top of his allegations that Robert Strauss earned his ambassadorship by buying it with "tepid and lackluster remarks about the Democrat party" and "behind the scenes backstabbing of suitably Byzantine complexity" his attack becomes more emotionally frenzied by creating an imaginary conspiracy involving Strauss, Scoop Jackson and Tip O'Neill, to lose the White House. The ridiculous statement that O'Neill kept his seat at the sufferance of the Kennedys and his reference to Jackson as "Mr. Boeing" indicates Yeager must blame someone; why not the captive voters of Massachusetts and big business. He refuses to accept the fact that the great unwashed (but not stupid) "Out in America" (including Texas) will not elect the series of losers who are repeatedly put forward by the Dogs of the east coast establishment. I note that Yeager's personal attacks on Strauss's finances and John Connally are all fully documented by; "some say" and "Someone remarked."

George D. Weiner
 Seguin

Strict Constructionist

I read your article on "political correctness." (Editorial, *TO*, 5/31/91.) Although I support the

general thrust and goals of the article, there is one thing that I think clearly violates the First Amendment.

Some schools have passed rules that discipline students for displaying signs that are disparaging to minorities. I am convinced that it is unconstitutional for a state university to have such a rule. I think that the only safe course is to be a "strict constructionist" about the First Amendment. The Supreme Court is hearing a Minnesota case about a law against "hate speech." This will be a test of whether the newer justice really are the "strict constructionists" that Reagan and Bush have promised, or whether that is just a code word for not taking the Bill of Rights seriously.

Please keep in mind the decisions *Brandenburg v. Ohio* and *Village of Skokie v. National Socialist Party*, which affirmed that the First Amendment makes no exceptions at the expense of the KKK or the American Nazi Party. The ACLU supported both decisions.

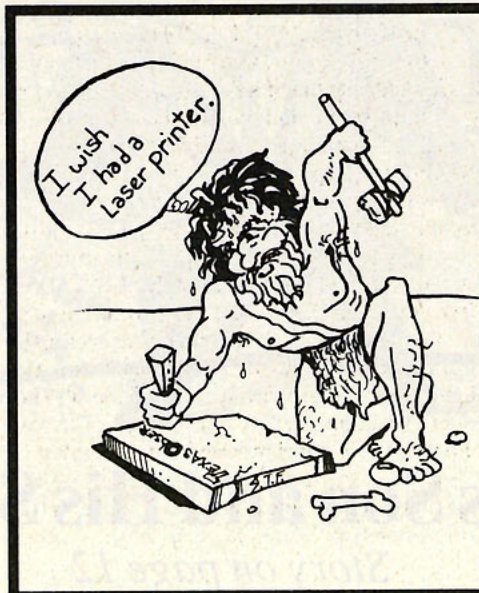
I will stand by the standard of "no law abridging freedom of speech, or the press."

Scott Tillinghast
 Houston

An Empty Concept

I would like to thank the *Texas Observer* for publishing politically sensitive material. I hope that other newspapers feel their obligation to report sensitive news; however, I am fully aware that "Freedom of the Press" is now just an empty concept in the USA. Politics and Big Money dictate what becomes news and what gets ignored. The fact that the CIA spends millions of dollars for propaganda here in the USA—this includes payment to many newspapers—indicates the control that the press is subject to.

Barry Martin
 Eugene, OR.



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The Lottery: No Safe Bet

LIKE THE CAPITAL gains tax cut, the B-1 bomber, and John Connally, the state lottery is one of those bad ideas that just keeps coming back, again and again, whenever our leaders are looking for simplistic answers to complicated questions. Now, with lawmakers convened in Austin to scrounge for much-needed revenues, the lottery has its best chance ever of coming to Texas. Is a lottery a good wager for the state? Don't bet on it.

For the scheme to become reality, the House of Representatives must pass a joint resolution that would allow Texans to vote in a statewide referendum on the lottery. (A referendum is needed because the lottery is banned by the Texas Constitution.) Last spring, proponents fell short of the necessary two-thirds vote, netting 90 votes in favor — 10 short of what's now needed. If the resolution passes the House, Senate approval is considered almost certain, despite the fact that that body's presiding officer, Lt. Gov. Bob Bullock, has pronounced the lottery a "sleazy" way to raise money.

Speaker Gib Lewis has recently displayed greater enthusiasm for the lottery, promising to push actively for it and predicting a vote on the issue in the second or third week of special session. He framed the issue as a choice between a big tax bill or a lottery. If approved by voters November 5 (as polls indicate it would be), a lottery would raise \$400 million during this budget cycle, and \$1 billion in the next biennium.

Wicked Games

The lottery debate has created a virtual Sodom of strange bedfellows — coalitions unusual even for Texas lawmakers. Leading the opposition to the lottery is former Representative David Hudson of Tyler, a rural Democrat who for years was able to hold back the lottery forces. Since his defeat last November by Ted Kamel, however, Hudson lobbies against the scheme from the outside. His floor allies include conservative Republican Rep. Glenn Repp and conservative Democrat Billy Clemons, as well as the Senate's most conservative member, John Leedom, R-Dallas. The House sponsor of the lottery resolution is black Houston Democrat Ron Wilson.

While liberals who support the lottery want more money to fund the desperately needed social services Texas lacks, self-interest drives much of the advocacy. At the lottery hearings last spring, the dark-suited phalanx of lobbyists perched like buzzards on the brass rail that surrounds the Senate floor included such savory characters as former Lt. Gov. and bankruptcy expert Ben Barnes and former House Speaker

Billy Clayton. But there was also one of the few lights of progress that used to illuminate the Senate floor, Bryan Sen. Kent Caperton, now representing a company that prints lottery tickets. The prime special interests behind the bill are convenience stores; they always see an influx of customers when they sell lottery tickets.

The opposition is centered in rural Texas, where gambling is still considered a sin, or at least a private vice, certainly not one to be given the (literal) imprimatur of the state. For all their sermonizing, however, former *Observer* editor Geoff Rips accused some lottery opponents of hewing to a "Puritanism of convenience." (*TO*, 2/8/85) For example, in past years, some decidedly unholy legislators took holier-than-thou positions against a lottery because they figured the lottery was in direct competition with parimutuel betting for the one "sin" vote most lawmakers could get away with — and the horse-racing lobby was much better funded than the lottery pimps. But now that parimutuel is a reality, some of these opponents have revised their morality formulas faster than the guys in *Greater Tuna* change costumes.

Falling Short

Just when it looks like the lottery is coming down to a classic liberal vs. conservative split, however, along come progressive voices like Consumers Union, Texas Alliance for Human Needs and People First!, weighing in against the lottery. What would make people who have worked for years to secure funding for human needs turn away from a mechanism to capture those dollars?

- The lottery won't solve the state's fiscal problems. Comptroller John Sharp told the Senate the lottery would raise \$731 million in the first biennium after approval. But opponents point to the experience of the 33 other states that have a lottery and note that it's expensive and time-consuming to set up and administer; a lottery will require a bureaucracy of at least 500 people. Leedom and Repp said lottery money comes out of the state's economy, because people are using the dollars they'd otherwise spend on products on lottery tickets instead. Furthermore, a *March Wall Street Journal* article observed that once the novelty wears off, lottery revenues tend to fluctuate wildly over time and eventually decline. Just this month, news reports revealed that the rate of growth in sales of the 33 state lotteries had plunged by half in each of the last two years. Six states reported drops in sales.

- The lottery hurts families and children. Opponents produce quite a bit of anecdotal evidence showing that state-legitimized gambling destroys

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307 W. 7th St.
Austin, TX 78701

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Cover illustration by Richard Bartholomew, with apologies to MAD magazine and Jay Ward Productions.

Corrections

Our July 12 story on Allen Parkway Village quoted Ed Schwab, an attorney for Galveston ISD saying all 10 of Galveston's tax-increment finance districts are mired in lawsuits. While Schwab thinks GISD loses tax revenues from all ten districts, only three are currently involved in lawsuits.

Also, the May 31 editorial entitled "The Campus Right" incorrectly reported that *The Futurist* is published by the American Family Association. It's actually a publication of the World Future Society.

Out of Dodge

It's time for the *Observer* editorial staff to take our annual summer break. Our next issue will be dated August 23.

the work ethic in children and destroys families by preying on compulsive gamblers. As Phil Strickland of the Baptist Christian Life Commission pointed out at the Senate hearings last spring, "Calling for government ethics and a lottery in the same breath is somehow out of tune."

• The lottery victimizes the poor. The lottery is two to three times as regressive as sales tax. Worse, studies indicate that the poor and less-educated are much more likely to play the lottery than the rich, and spend a much greater proportion of their income on it. The typical household in lottery states spends more on the lottery than on medicine or reading material, and states spend more on lottery expenses than on protecting the environment or state hospitals. That's why poverty groups that look longingly at the lottery revenue nonetheless condemn the practice, because they know that what the state gives with one hand, it takes with the other.

Lottery proponents have some persuasive responses to these reservations. While milking gambling addicts for state revenue is undeniably tragic, if we ban activities because a few people abuse them, many things would be outlawed, including alcohol, credit cards, and cars, not to mention guitar amplifiers. Protecting people from themselves can represent the worst kind of paternalistic liberalism; as with motorcycle helmet laws, why not let people make their own decisions, no matter how stupid? The objection to this line of reasoning is that...

• A lottery turns the state into a huckster. According to the most comprehensive study of the lottery, the 1989 book *Selling Hope: State Lotteries in America*, by Charles Clotfelter and Philip Cook, the experience of other states has shown that inevitably, as it comes to depend on lottery revenue, the state spends more and more

millions of dollars hyping the lottery, urging people to spend their money even though the chances of winning more than one loses are minuscule. "[P]layers typically have incomplete information about the probabilities and prize structures of the games and suffer from the usual human limitations in the ability to evaluate such information in a consistent, realistic fashion," the book points out, noting also that blacks and Hispanics tend to play more often than whites. One notorious billboard placed in the worst Chicago ghetto invited poor blacks to "Get off Washington Street, and on to Easy Street," and others have been nearly as pernicious.

When Madison Avenue gets involved, the lottery looks less like a "voluntary tax." It's one thing to let people make a bad decision; it's quite another to have the state actively participate in misleading them through attractive advertising into playing a game almost everyone will lose. The media play into this by publicizing the big winners while ignoring the less spectacular but more pervasive negative effects on almost everyone else.

Jumping through the Hoop

These arguments make most state leaders' support for the lottery lukewarm. Richards, who'd earlier voiced reservations, was baited into supporting a lottery by primary opponent Jim Mattox, who made it the centerpiece of his campaign. (Mattox's savvy political operative, James Carville, had used the tactic successfully in other races around the country, selling the lottery as a magic wand by which you can have your cake and eat it too — representation without taxation, as it were.) Last spring, she resorted to the "people's choice" argument: let the voters decide what they want to do. At the spring Senate committee hearing, Richards said that every-

where she'd traveled during the campaign, people were clamoring for a lottery. But then she said, "I want to be able to tell them that I did everything I could to give them a chance to vote on the issue." It was hardly a ringing endorsement of the idea's substantive merits; it sounded more like political posterior-protection. Lately, however, she's intensified her appeal.

The truth is that the lottery is a political prerequisite for the painful tax bills (first corporate franchise, then professional services, finally, in a couple of years, an income tax) that will be essential to keep Texas in compliance with federal law and court rulings. No one wants to get caught by an opponent in an election who says, "We could have avoided a tax bill if only the incumbent had voted for a lottery." Once that hoop is jumped through, state leaders can say that they've tried every painless therapy — now it's time for the bitter medicine of new taxes.

Politics aside, the lottery remains a troubling issue, especially for progressives. This state's tax structure is so biased in favor of the wealthy and against the working class, it's difficult to support yet another policy that soaks the poor. Especially now, when some momentum finally seems to be developing for fairer ways of raising revenue, the lottery seems regressive in more ways than one. Yet the human needs it would pay for are painfully real. In a better world, we would have a fair, rational, and adequate system of financing government services, one in which the fatcats would pay their fair share for the public good. In a better world, we wouldn't have to turn state government into a flim-flam artist that will ineluctably seek to part the poor from their hard-earned money by dangling in front of them dreams that will never come true. In a better world, we wouldn't need a lottery. But this is Texas. **B.C.**

OBSERVATIONS

The Fairness Question

WHERE, IN THE TEXAS tax debate, is fairness? Where is the *graduated* personal income tax? Where, oh where, oh where, is the leadership of Gov. Ann Richards?

"A New Texas," indeed. During her campaign the Governor at least had refused to say that she would veto an income tax if it passed. But last month in Corpus Christi, on June 30, in the course of addressing the Texas Press Association, she threw her weight against the only fair long-term solution to the state's needs.

"There is not going to be an income tax passed," she said. "It just keeps coming back and keeps coming back like a song, and it is not going to happen." Instead, she said, she wants to try again for a state lottery, which is nothing if it is not a tax on the poor, and she predicted

that the Legislature may approve some increase in the gasoline tax that every working person in the state must pay.

This is abdication of leadership. Sen. John Montford, an advocate of the personal income tax for Texas, praised another such advocate, Lt. Gov. Bob Bullock "for having the guts to say what's right," and Montford added: "We need to put our own personal politics behind us and just do what we need." On this vital matter of who pays how much for state services, Ann Richards is still putting her own personal politics ahead of the general welfare and refusing to do what the middle-income and poor people of Texas need done.

Lamentably, Richards helped create the climate in the House of Representatives which is

now reported to be only about one-third for the fair solution of the income tax. What is John Connally doing as the chairman of Gov. Ann Richards' tax policy committee? She could much more plausibly have named former Lt. Gov. Bill Hobby, an income tax advocate. Connally endorsed Nixon, Ford, Reagan, and Bush; he has no feeling for ordinary people — and never has had any. Of course, being the lackey for big business and the rich that he has always been, he is opposed to either a personal or a corporate income tax and opposes his own committee's majority report. What did Richards expect? Playing politics with the central policy question of the 1990s, she has set up the people of Texas for yet higher sales taxes, which fall

See *Fairness* page 15

Sharp Cuts

BY LISBETH LIPARI

BRILLIANT FISCAL PLANNING or a Trojan Horse? Savvy strategizing or smoke and mirrors? Initially, State Comptroller John Sharp's \$5.2-billion cost-cutting budget plan was treated as a cause célèbre by twitchy lawmakers anxious to get out from under an estimated \$4.6-billion budget shortfall and an accompanying tax-hike shadow. Closer inspection of the proposal, however, has left some Texas politicians with doubts, if not outright disdain.

Turf wars and bickering aside (such as University of Texas at Austin President William Cunningham's draconian threat of 500 faculty and staff layoffs and severely reduced library hours in response to Sharp's plan), some critics fear the proposal deliberately obfuscates the need to reform Texas' grossly regressive tax structure. "I have a lot of concerns about this proposal," Rep. Paul Moreno, D-El Paso, said. "I never expected Sharp and the Governor to come up with this kind of crap to please their enemies. We have to bite the bullet and pass a tax increase, and this plan is nothing more than window dressing. It hurts the poor and it hurts students and parents."

Still other legislators, such as Rep. Elliott Naishtat, D-Austin, generally support the plan, although with some reservations. "I think most of the proposed reorganization is going in the right direction, but I am concerned that a number of state employees might ultimately lose their jobs," Naishtat said. Naishtat also voiced concern about Sharp's recommendation to privatize some state services, such as prisons. More on that later.

Rank Injustice

Mandated by the 72nd Legislature's Senate Bill 111 and compiled by more than 100 auditors who worked for nearly five months, Sharp's three-volume *Texas Performance Review* outlines myriad ways to cut back state spending, supposedly without cutting services. As the report's authors acknowledge, "Texas' traditionally conservative approach to government translates

into relatively low spending on services for its citizens."

By many measures, Texas has perennially ranked at or near the bottom among states in most categories of spending per person. Since the oil bust began in December 1983, the Legislature repeatedly has whittled at the state budget. Those budget-balancing battles did cut much of the fat



LOUIS DUBOSE

Comptroller John Sharp

that had accumulated during the flush 1970s. The frills, the obviously unneeded services, were gone."

As it stands now, Texas ranks 47th in per capita state spending, according to statistics in Sharp's report. Although in 1990, the state's \$5.6-billion in health and human service expenditures made up nearly one-quarter of the state budget (second only to education, which accounts for 44 percent), Sharp's report estimates that the combined value of Aid to Families with Dependent Children and Food Stamps provides service to only about half the poverty level citizens of Texas, who comprise over 18 percent of the state's population.

Texas ranks 47th in per-capita health expenditures (\$2.40); 48th in public welfare expenditures (\$13.28); 47th in AFDC payments (\$56.90) and 45th in Medicaid expenditures (\$130.00). Furthermore, despite the state's \$10-billion education budget, Texas ranks dead last in higher education appropriations per student (\$3,341, compared to top-ranked New York, which spends nearly twice as much, at \$6,108).

The third-largest budget allocation, \$2.6-billion or 11 percent of the 1990 budget, goes to transportation expenditures, such as highway construction and maintenance. The remainder of the budget is taken up by smaller appropriations including general government (salaries, operations and so forth) at \$1 billion; public safety and criminal justice, at \$1 billion; employee benefits, at \$1.2 billion; and debt service, capital outlays and natural resources, which combined take up just over another \$1 billion of the \$22.8-billion state budget.

Not surprisingly, given the state's parsimonious spending habits, Texas ranks equally low (48th) in per-capita taxation. Yet because the bulk of these taxes (\$7.6 billion, or 56 percent of all tax revenues) come from various sales taxes, the burden of payment falls disproportionately on the shoulders of poor, lower- and middle-income Texans, who spend the majority of their income on taxable goods, while the rich put most their money into tax-free investments. According to the Washington, D.C.-based Citizen's for Tax Justice, poor Texans spend 17 percent of their income on taxes, while middle-income earners spend 8.4 percent, and the rich a paltry 3.1 percent.

While most politicians and Texans aren't likely to agree, tax-equity activists argue that the only way to correct the state's highly regressive tax structure is to curtail sales and property taxation and impose personal and corporate income taxes, which assess taxes based on one's ability to pay, as opposed to one's need to spend.

Ironically (or deliberately, depending on your perspective), Sharp's miracle cure arrived just in time to edge the dirty "I word" (income tax) off the state government table. In fact, Sharp's proposal was revealed just three days before the Governor's Task Force on Revenue voted 7-5 to recommend both personal and corporate income taxes to the Legislature.

The question now facing lawmakers is whether Sharp's proposal offers a real remedy, or just a band-aid. The odds look pretty good that no matter what happens, Texans won't see an income tax in the next two years. Presently, Sharp's proposal has been parceled into 17 pieces of legislation that will be considered by four committees — State Affairs, Appropriations, Ways & Means, and Government Affairs — this summer. And despite Sharp's contention that any statehouse tinkering will irretrievably damage the proposal, pressure has already begun to build from various quarters — most notably the state's higher-education lobby — to alter the proposal.

Higher Ed Feels the Heat

As has been widely publicized, among the \$5.2 billion in savings proposed by Sharp, the most controversial section involves saving \$379 mil-

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BEN SARGENT

lion in system-wide changes, including roughly \$200 million in tuition increases at state universities and community colleges. Sharp's plan calls for increasing university tuition from the current \$18 per semester hour for resident undergraduates to \$20 per semester hour in the 1992-93 biennium, \$22 in the 1994-95 biennium, and \$24 thereafter. The proposal also calls for increasing the nonresident university tuition from \$120 per semester hour to \$128.

Furthermore, Sharp's plan stipulates that 75 percent of all resident tuition revenue and 100 percent of the differential between resident and non-resident tuition be turned over to the state's General Fund, compared to the present system which lets colleges and universities keep all tuition money. According to UT-Austin Budget Director Danny Fletcher, UT alone stands to lose roughly \$40 million in the 1992-'93 biennium. "And that's just tuition," said Fletcher. "There are several other items scheduled to reduce funding." But because, as Sharp's report states, for every \$100 in tuition increase, enrollment drops an estimated .7 percent, the report also stipulates that 20 percent of the tuition revenue be set aside for scholarships, with an increase of 1 percent set aside for each \$5 of tuition increase thereafter, up to a maximum of 30 percent.

Presently, universities can only set aside up to 15 percent of tuition revenues for scholarships. University lobbyists aside, state lawmakers such as Moreno are concerned that the tuition increase will make it even more difficult, if not impossible, for lower-income students to attend college. Further, because the tuition increase is slated to go into the state's General Fund, not into the University budget, critics such as Moreno

contend that the measure is a hidden tax which forces students and parents to pay for state expenditures. "This is going to hurt the working poor who do not have the grades to get scholarships," said Moreno. "And it's an indirect way of imposing a tax on parents and students."

Another section of Sharp's plan which affects education involves the fiscal management of various state agencies. Slated to cut 81 employees and save \$1.03 billion (the largest savings from over a dozen different categories), the plan calls for a variety of changes in education, transportation, general government, and cross-government management practices. Although the ultimate ramifications of these changes are difficult to see, those directed at education have taken the most heat.

Specifically, the plan calls for using \$90 million in capital gains from the state's permanent school fund (land income and so forth) for public-school operations; saving about another \$350 million by prohibiting school districts and universities from amassing unspent revenues; and restricting capital investments in higher education. Other savings in this section are derived from eliminating state funding for urban metropolitan transit authorities (which earn income from local taxes); and saving a whopping \$540 million by consolidating a number of separate state funds.

Postponed Pain?

The second largest savings in Sharp's plan comes from debt management, which will be reshuffled to make up another \$1 billion in savings. Basically, the plan calls for delaying the machinery/equipment sales-tax exemption and borrowing

for previously unbonded projects, such as highway and prison construction. But whether these are real savings or simply postponed pain is an open question. According to Tom Pollard, executive director of the Texas Bond Review Board, although the bonding measures would save money in the short term, they will wind up costing more in the end. "For the purpose of the 1992-93 budget, it's a savings," he said. "But of course over the long haul we will pay this and more for principal and interest payments."

Although it is estimated that Sharp's proposal for privatizing some state services (such as custodial, highway maintenance, prison operations, and information resources), will save only \$32 million, the social and political repercussions of such a move are enormous. To Jude Filler, executive director of the Texas Alliance for Human Needs, the notion of privatizing prison operations sets off alarm bells about Sharp's whole proposal. "I think fundamentally the idea of making money off of prisons is a sick idea," said Filler. "To me, it sets up a very bad policy, and it rings a bell that makes me question the whole plan because it says that we're not really thinking about the kinds of outcome we get, we're thinking about cutting costs."

Filler, who has a master's degree in organizational structure and works with Texas health and human service agencies, claims that the \$20 million in savings Sharp estimates will be earned by consolidating and reorganizing the state's chronically underfunded and notoriously mismanaged Department of Human Services, is misleading. Although Sharp's plan calls for adding 75 employees at a cost of about \$9 million to the human services budget, Filler notes that the money is for *planners*, not for programs or front-line case workers that are desperately needed. She notes that the \$9 million allocation would not even begin to pay for the staff retraining, computer consolidation, and additional operations costs that would be required to implement any future consolidation of DHS, which she estimates would cost tens if not hundreds of millions of dollars.

"It's all smoke and mirrors," said Filler. "The idea of one-stop shopping for the DHS client is a good one. The plan has all the right rhetoric. DHS has all the right rhetoric. But what it doesn't have is the money to pull it off, and we'll never have the money until we have tax reform. So in a sense, the Sharp plan is a strategy to put it off again. They keep saying in the plan that there are no cuts," she continued. "That's the right idea. We're already working below the acceptable level and we're not supposed to be cutting. We're supposed to be implementing new programs."

Hidden Taxes

But with Texans already steaming about steadily rising property and sales taxes, it's unlikely that state lawmakers will turn down such a gift as Sharp's proposal in favor of the ugly "I word." Yet, lest the taxpayer be deceived, not only do

See Sharp page 23

Labor Pains

Union Turf Battle Sinks Pro-Labor Legislation

BY TRACY SHUFORD

STATE EMPLOYEES, unlike teachers and city and county employees, do not have the right to voluntarily deduct union dues from their paychecks to allocate to organizations of their choice. A bill which would have rectified the situation almost passed the 72nd legislative session, but labor politics stood in the way. Legislators, uncertain whether it was a battle of tactics or self-interest, were unwilling to get involved in a "turf" war between unions. Consequently, the House postponed voting on SB 245 until the unions' position became clear. But they never did, and the Legislature adjourned without a House vote on the bill.

"This delay was a serious disservice to our state employees," Sen. Carlos Truan, D-Corpus Christi, wrote in a letter to Gov. Ann Richards. The Senate approved the bill on a 24-5 vote, and although it was reported favorably from the House State Affairs Committee, it did not make it onto the House calendar in time for a vote. One of Truan's legislative aides, Rosie Torres, said she was surprised the bill died. "Everybody thought it was going to pass," she said.

Sen. Gonzalo Barrientos, D-Austin, the author of the bill, considered it a top priority. It would also have allowed state employees to reserve a portion of their dues for progressive charitable organizations such as Clean Water Action, the National Organization for Women, and the Sierra Club. The United Way presently dominates workplace fundraising. Barrientos did not return *Observer* phone calls.

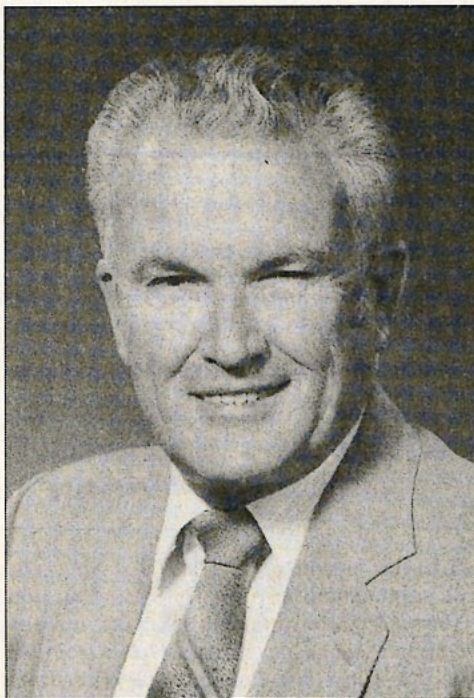
The Texas AFL-CIO and its United Labor Legislative Committee (ULLCO) strongly supported the bill. Texas AFL-CIO president Joe Gunn argued on behalf of the Communication Workers of America in the battle of the unions. "I am for a dues checkoff for any and all people," he said.

Staking out Turf

Although only one union and one non-union association — the American Federation of State, County and Municipal Employees (AFSCME) and the Texas Public Employees Association (TPEA) — actively opposed SB 245, it still failed to pass. "It was a case where a union representing city and county employees interfered with the rights of state employees," charged Dally L. Willis, a legislative representative for the CWA. He said the CWA is the only union in Texas that represents state employees. "AFSCME only represents city and county employees in Texas," he said. Willis said AFSCME already has dues checkoff for its city and county employees and that he helped lobby the same bill for AFSCME

years ago. Willis said he did not understand why AFSCME would deny other employees the same right its employees already have. He pointed out that SB 245 would not have cost taxpayers anything. "I don't know why anyone would oppose payroll deduction," he said. "It would have strengthened the overall union movement."

According to Dee Simpson, political director



COURTESY TEXAS AFL-CIO

Texas AFL-CIO President Joe Gunn

of AFSCME, the tension was predominantly between AFSCME and the CWA. Simpson said he feared the bill was written and backed by the AFL-CIO to benefit the CWA. He said he is not against dues checkoffs as such, but feels they should only be a part of a labor bill. He said if the AFL-CIO were being responsible, they would call for a bill giving employees representative rights before taking their money. Simpson did not offer an alternative to voluntary payroll deduction, but said he thought adding a grievance procedure would be the basis for a legitimate discussion. He also suggested that employees be given the right to meet and confer with their employers. According to Simpson, if there were no representation or regulation, "a multi-million dollar bloodbath" would result. He admitted that he would rather put legislation off until next session than proceed with an "insufficient" bill.

One of the sponsors of the bill, Rep. Fred Blair, D-Dallas, disagreed with Simpson. Blair said that although he supports AFSCME's causes, he did not think a simple bill like voluntary dues

checkoff should be confused with a comprehensive labor package. He said he wanted to give state employees the right to designate a portion of their income for charitable organizations and organizations of their choices — the same right the private labor market affords its employees.

CWA's organizing coordinator, Sandy Rusher, lobbied alongside Willis for SB 245. She said she was a state employee for seven years and thought what AFSCME did was "outrageous." Simpson is "holding out as the paragon of virtue," Rusher said, that he never asked state employees what they wanted. According to Rusher, in 1979 a group of state employees asked AFSCME for help, and AFSCME was not interested. Rusher predicted that when AFSCME is ready to start a state employees union, Simpson will probably be interested in a bill.

There is no evidence that passing the dues check-off would have interfered with later passage of a more comprehensive labor bill. If Rusher is right, the real motive behind AFSCME's sabotage of the bill appears to be the union's fear that the legislation would lock in CWA's recruiting advantage among state employees. But this internecine dispute, based on AFSCME's self-interest, apparently killed a pro-labor bill that would have greatly benefited state workers.

Both AFSCME and the CWA hope to gain rights for state employees. But the chances are slim without a unified voice for labor. While Sen. Truan has asked Gov. Richards to add the bill to the special session call, her position is unclear. Gunn wrote to Richards that he was aggrieved to learn that the dues-checkoff bill, which was supported by the ULLCO without opposition, did not receive full support from the governor's office. "We feel strongly that if you would put that bill into consideration, and give it your undivided support, that the thousands of trade unionists in this state who want to believe the political process works would be mightily impressed and reassured," he wrote. But Brad Williams, who works in Richards' press office said the governor is not going to open the special session to other issues until the major issues are taken care of. He suggested that the budget was going to take precedence and doubted that Richards would add the dues-checkoff to the call. □

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Killing the Messenger

Did DHS Retaliate Against a Whistleblower?

BY BRETT CAMPBELL

GEORGE GREEN IS an angry man. Since December 12, 1989, when he was fired from his job as the architect for the Texas Department of Human Services (DHS), he has been out of work. DHS claims that he was fired for abusing sick-leave time and making unauthorized telephone calls. He has been unable to find work with a private architectural firm. "No one in state government, much less the private sector, will even talk to me or give me a chance to make an honest living," he said. He is under medical treatment for depression he contends stems from his dismissal, an action he insists was unjustified, and taken in retaliation for his persistent attempts to call attention to serious problems in the troubled bureaucracy of the DHS.

On July 22, Green will attempt to prove his case to a Travis County jury, as his lawsuit against DHS, filed under the Texas whistleblower protection law, finally comes to trial, a year and half after his firing. In that lawsuit, Green intends to raise charges of mismanagement, incompetence, and waste of taxpayers' money by state officials involved in state construction projects. Earlier this summer, the Travis County District Attorney's office withdrew a criminal action against Green for the alleged abuse of sick leave and telephone calls; but the charge can be revived. Green maintains that DHS encouraged the DA to pursue the action to intimidate him, drain his savings, and prevent him from pursuing his quixotic search for justice.

Green's story, if true, raises troubling questions about government accountability, the safety of state employees, mismanagement by mid-level state bureaucrats, and lack of oversight by DHS upper managers. Because the matter is under litigation, Green's adversaries in DHS have refused to respond to his charges for this story. Much of what follows is therefore based on allegations Green has made in court documents and depositions in his suit filed against the state. Green is seeking over \$26 million in damages for lost wages, attorney fees, mental anguish and exemplary damages. While important parts of Green's tale are supported by documents obtained by the *Observer* under the Texas Open Records Act, others rely on his word against those of DHS bureaucrats. It will be up to the jury to weigh the credibility of the antagonists. Nevertheless, the seriousness of the charges Green has raised deserve exploration here.

Early Warnings

George Green, a 1972 graduate of the University of Texas School of Architecture, is a voluble,

articulate, 43-year-old Abilene native whose intensity and inflection give him a superficial resemblance to former Attorney General Jim Mattox. Green went to work for DHS (then known as the Department of Human Resources) in 1983, after six years in private practice. He was assigned to the agency's business management division and given responsibility for worker safety, leasing and renovating office space and energy conservation. Green was the only licensed architect in the division — the sole in-house architectural advisor in the state for DHS.

Green received consistently good evaluations

**"I tried to bring a sense of order and professionalism to the job, but I discovered I was in a world that didn't accept those kinds of standards."
— George Green**

from his supervisors at DHS, including letters of commendation from DHS Commissioner Marlin Johnston praising his work in energy conservation design. Another letter from chief budget officer (now Commissioner) Burt Raiford applauded his work on the Winters Complex, the sparkling Austin headquarters of the agency, which opened in 1984.

Green said he began noticing laxity in state construction contracts and standards in a 1984 project in Angleton, in which DHS was renovating a maintenance shed for use as a welfare office. Green was tasked with supervising the contract. At the same time, he was assigned to overhaul the procedures for obtaining "exclusions." On most state projects involving architectural blueprints, the law requires the State Purchasing and General Services Commissions (SPGSC) to supervise the project. But if the agency that will be using the facility can show that it has adequate in-house staff to manage the project, it can obtain an "exclusion" from SPGSC oversight. The managing agency must still meet all state fiscal, safety and other local standards as well as strictly meet the bid specifications.

Angleton received such an exclusion, and on that project, Green said he saw the first signs of a pattern that would repeat itself many times over the next few years: the exclusion process was being abused for the convenience of DHS. "I tried to develop a real business standard to ap-

ply to those projects, and that immediately identified me as someone who was rattling the cage," Green told the *Observer*. "I ran head-on into expediency, accommodation ... political pressures. I tried to bring a sense of order and professionalism to the job, but I discovered I was in a world that didn't accept those kinds of standards."

After he repeatedly pushed the agency to hold the Angleton contractors accountable for repairs under the terms of the contract, DHS told Green to back off. Eventually, he said, DHS took away his responsibility for certification of funds on the project; no longer would his signature be needed for state money to be spent on the project.

The Dunbar School

The Angleton project was an ominous portent. One of Green's next major projects was the renovation of the Dunbar School in Livingston. DHS made a deal with Polk County officials providing that, in return for rehabilitating the old, burned-out school building for use as a human services center, DHS would receive rent-free space in the building from the county.

Green, who was present at the bidding and made several inspection visits to the project, saw problems from the outset. The winning bid was 25 percent below the next lowest. According to Green, the successful contractor told Green that he was "going to pick every cherry he could to get that money back." Green interpreted this to mean that the contractor intended to cut corners. A DHS memo obtained by the *Observer* confirms that the contractor said he had made a mistake in underbidding the project, and would not go through with the contract, though he did finally accept the award of the bid.

Work began on the project in October 1985. On one of his inspections of the renovation, Green said he saw disturbing signs that the contractor was trying to pick some cherries. For example, Green said, the contractor was putting in plywood flooring over burnt-out floor beams instead of repairing or replacing the beams — covering up the damage, but creating a safety hazard. Based on the observations, Green recommended that the project manager, SPGSC, institute more frequent inspections of critical stages of the project construction, instead of the infrequent periodic inspections normally used. According to Green, SPGSC refused until much later, when it was clear the renovation was running far behind schedule.

The state file on the project contains a series of inspection reports filed by SPGSC inspectors, each of which details incidents of poor workmanship. It then shows an exchange of memos in which DHS and SPGSC tried to blame each

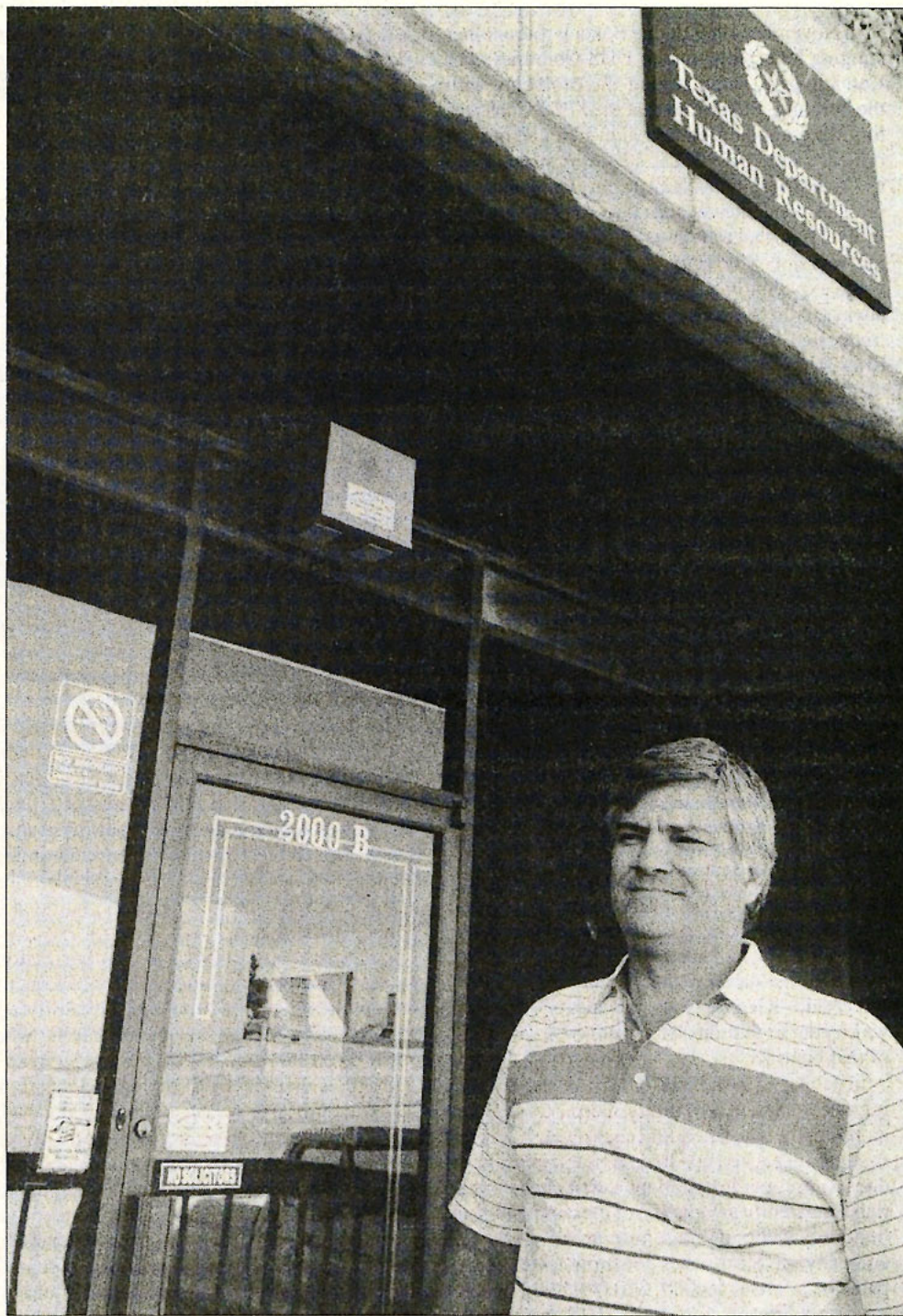
other for the foul-ups. In one memo, SPGSC Director of Facilities Construction David Garbade blames Green for poor communication with SPGSC, and DHS for poor interagency communication. (According to a 1988 story in the *Austin American-Statesman*, Garbade was fired that year by SPGSC executive director Lias "Bubba" Steen, after Garbade had given documents to the press detailing problems with another state project, the Supreme Court/Attorney General office complex in Austin.)

Soon after the Dunbar renovation began, Polk County Judge Wayne Baker, who represented the county in the Dunbar arrangement, wrote to SPGSC complaining about sagging boards, defective walls and discrepancies between what the state paid for and what the contractor delivered. Baker's August 1, 1986 letter to DHS officials also states that when the county presented SPGSC "with information pertaining to alleged extortion, kick backs from suppliers, and bill padding that affects our citizens, your [DHS] offices' response was 'so what?'" Regarding the kickbacks, Baker said he had a tape of a conversation in which the contractor was trying to extort kickbacks from a painting company hired as a subcontractor on the project. A DHS memo recounts that DHS officials listened to the tape and heard "what appeared to be highly irregular exchanges of money between [contractor and subcontractor] pertaining to the renovation project."

Judge Baker's letter goes on to say that the county will no longer accept substandard work from the contractor, and criticized SPGSC's management of the project. In response to the judge's allegations, DHS and SPGSC officials acknowledged that the project was rife with problems, but maintained that most of them stemmed from the subcontractors' poor communication to SPGSC, and slow payments by the county to the contractor.

In December 1986, the contractor told DHS and SPGSC the project was "substantially complete." Judge Baker disagreed. After meeting with SPGSC officials, Baker would not accept the project as substantially completed, because of roof and window leaks, poor workmanship, fire hazards, various defects, and the contractor's alleged failure to pay subcontractors. "The poor workmanship and cost over-runs evident on the project are the result of poor supervision by State Purchasing and General Services," Baker wrote to DHS officials. DHS asked SPGSC to investigate, and SPGSC's wrote Baker that its inspection found the building substantially complete, with only minor defects or mistakes that would be covered in the warranty period.

"That's not true," Green said. "The problems are of such a substantial scale — the roof leaked from the beginning, the doors don't close, the lighting is insufficient, the air conditioning is unreliable and it has a horrendous electrical bill — that the warranty won't cover them. The building is unhealthy in that it has standing water which has promoted bacteria and mildew



ALAN POGUE

George Green in front of DHS Centimeter Warehouse

growth, water and other contaminants have penetrated the roof system, floors and walls." Green reported these deficiencies to his supervisors. Nevertheless, DHS's current management allowed the 10-year roof warranty to be set aside in return for a \$13,500 negotiated deal in which the insurance company and the state split the costs of a minimal overhaul. "Current DHS management is spending additional state funds to fix a project that clearly should have been resolved years ago," Green said.

The disputes and repairs dragged on for the

next year and a half. In a 1988 inspection, Green found "ponding" of water on the roof, leaks and a multiplicity of other flaws attributable to corner-cutting and poor workmanship. The general contractor had since gone bankrupt. Green reported his findings to John Griffin, DHS's assistant administrator for regional business services. Griffin's supervisor, DHS's Hopkins in turn wrote to SPGSC's David Garbade, saying that he, Hopkins, was "becoming extremely concerned and uneasy about the direction and management of the [Livingston] project."

In November 1989, Judge Baker wrote another stinging letter, this time to DHS Commissioner Ron Lindsey, summarizing the problems with the building. Baker said that the SPGSC inspectors were unqualified and didn't care about the project's outcome. Baker's letter praised Green as "the single non-county individual that expressed a real interest and concern in the project. In every instance he attempted to see that the job was done correctly and done with pride. I could explain my concerns to him and he would always try to correct any inconsistencies. He was 'requested' off the job by the project architect, Rina Johnson, of the State Purchasing Department.... I believe that, had George Green remained on the project, we would have had a good job." Baker went on to add that he doubted Johnson's abilities and found that she had never been licensed as an architect. The State Board of Architectural Examiners confirms that no one by that name has ever been licensed as an architect by the state.

Judge Baker, who was trained in architectural engineering and once ran a construction company in Port Arthur, told the *Observer* that Dunbar was the worst-managed project he'd seen in his 16 years as county judge (he retired in January). He said the county and state had since hired other contractors to redo much of the original renovation and get the building into the shape it should have been in five years ago. "They just didn't give a damn," about spending the state's money wisely, Baker said of the SPGSC and DHS officials and architects who managed the project. "I never saw a more pitiful bunch of folks. They'd fly over here and eat meals and party with the contractor and have the biggest time and didn't give a damn if the job was done right," Baker said. "George Green was the only one who was trying to get the state's money's worth out of that contract."

In January 1990, DHS hired a Houston roofing consultant, Karl Krause Corp., to perform an in-depth assessment of the project. Their investigation backed up Green's findings: leakage due to improper installation, use of cheap materials (apparently in violation of the contract), roof ponding, water damage and so on. Another company gave estimates for three levels of repairs — at about \$9,000, \$20,000 and \$36,000 — depending on how long DHS wanted the building to remain watertight. Last June, they opted for spending \$13,500 in repairs.

Green contends the repairs were inadequate, and certainly nowhere near what had been promised by the original contractor. He maintains that the state should have forced the bonding company (which insured the contractor's work by means of performance bonds) to pay for the repairs, instead of charging the taxpayers for some of them. "On numerous occasions I suggested that we terminate the contract, and force the bonding company to finish it with a higher level of accountability," Green said. "The performance bonds meant we had a mechanism to get the project completed.... It was irresponsible



ALAN POGUE

Inside the Centimeter Warehouse in Austin

to choose to leave it to the original contractor's discretion."

The record shows disputes over responsibility for repairs between DHS, SPGSC, the contractor, the surety company and the county. Green says the state has paid at least \$10,000 in state funds on repairs to the building since SPGSC forced DHS to take the building in December 1986, and, he says, it would take three or four times that amount to get the building in decent, usable shape.

Few would deny that the Dunbar school project was a disaster. The question, at least for George Green, is to what extent DHS officials are responsible for the state not receiving what it paid for in the construction contract. Green's memos contained in the files obtained under the Open Records Act reflect his belief that DHS was being lax in enforcing standards on the contractors. His persistent attempts to encourage DHS to take a tougher line with the contractor and SPGSC were disregarded. "I believe that because I made a conscious effort to document well the history of [the] Livingston [project], those who were shown in a bad light could not allow that project to be scrutinized ... and then their performance to held out to public review," Green said. By discrediting him, he believes, the DHS bureaucrats who actually bore some responsibility for the Dunbar debacle thought that they could protect themselves.

The Centimeter Warehouse

After he was ordered off the Dunbar project, Green noticed similar patterns of what he regarded as irresponsibility in construction on other projects. Each case, as he saw it, contained a common element: the state project managers would allow contractors to get away with inadequate work, or to charge the state for unnecessary work.

The report of the project that Green believes contributed to his firing involved the renovation of a DHS records storage facility on Centimeter Circle in Austin. The Centimeter Warehouse was built by Trammel Crow company, which agreed to perform construction work on the facility as specified in a competitively bid contract with the state.

State audit records contain a July 1987 memo from a state inspector to Burt Raiford indicating that "serious problems" existed in the records storage facility's electrical wiring. An internal audit revealed that interior electric panels vibrated and were warm to the touch, that an emergency door didn't work, waterproofing and fireproofing of the storage vaults were inadequate, that other lease specifications had not been complied with, and that SPGSC's monitoring of the lessor's (Trammel Crow) compliance efforts was inadequate. Trammel Crow said, in a 1987 letter, that it would fix some of the problems, but denied others existed.

Despite promises that the company would allow the facility to meet City of Austin permit standards, Hopkins wrote SPGSC's lease officer in charge of the project, David Carr, that permits had not been obtained by December 1987. Green found on subsequent inspection that it did not meet lease specifications, especially in vault waterproofing and insulation. In response to DHS concerns, Trammel Crow wrote in 1987 to the city apologizing for not having met Austin permit specifications and promising to obtain certificate and permits. City of Austin records show that the company finally obtained a permit in December 1990.

Green contends that the Centimeter Warehouse still doesn't meet the standards called for in the lease. He said his persistent attempts to get DHS to make the contractor comply with the lease were met with resistance. Although the

audit files indicate that Green was given responsibility for assuring compliance, a note contained in the state's files show he was told by DHS officials in December 1987 not to pursue the matter. He believes that it was the same pattern he'd seen played out on his recommendations on other state projects.

Killing the Messenger

After his vigorous protests about the handling of Centimeter, Green said his computer was taken away, he was denied opportunities to attend professional seminars, and was denied a raise. He says he told his supervisors he intended to go outside the agency and report the problems he saw.

In September 1989, after his repeated efforts to get DHS to take a harder line on a number of projects, Green was notified that he was being investigated for abuse of sick leave and using state telephones for personal calls. He was called upon to justify over 8,000 long-distance phone calls made at state expense during his five years at DHS. He was able to justify all but one case — a 30-second call to his parents in Marble Falls. The total cost to the state: 13¢. Nevertheless, DHS referred the case to the Travis County District Attorney's office for prosecution. Green's lawyers have found other inspector general reports of calls made by DHS employees of equal or greater cost to the state that were not prosecuted. At best, the decision to prosecute Green appears to be a case of selective enforcement. At worst, it looks suspiciously like an attempt to intimidate a whistleblower.

As for the sick leave charge, DHS claimed that Green had skipped a therapy session that he'd received time off to attend. (He was receiving rehabilitation therapy for a back strain he'd suffered while on state business.) DHS inspector general reports indicate that Green's therapist couldn't document his attendance at each session, but the therapist said such attendance records aren't routinely kept. Green said that DHS had a squad of five investigators follow him to his therapy appointments. Green offered persuasive refutations of DHS's allegations, but the charges were used as cause to fire him in December 1989. Both the phone and sick leave charges were later dropped — but not before had Green had incurred \$130,000 in legal fees.

In October 1989, Green wrote to DHS commissioner Ron Lindsey, complaining about what he viewed as mismanagement by DHS officials. A week later, after Lindsey failed to respond to his letter, Green went to State Rep. Jack Vowell, R-El Paso, who was chairman of Budget and Oversight for the department in the House of Representatives and had a reputation as a constructive critic of DHS and as a public official with a sincere interest in human services. Along with the allegations about management deficiencies and improper actions, Green said he told Vowell that the impact of mismanagement was usually first felt by front-line employees — e.g., employees being forced to move furniture when

their offices were moved, poor air quality causing health problems, and other impositions on employees to accommodate upper management.

Taking it to the Courthouse

Green was fired two months after meeting with Vowell. In September 1990, he was indicted on the sick leave and telephone abuse charges, but those charges were dropped last May. He's been out of work for 21 straight months, has exhausted his savings, dropped his insurance coverage, sold off personal assets, is about to lose his car, and is under treatment for depression.

Green maintains that the cavalier attitude of DHS and SPGSC toward state contracts hurts the taxpayers even more than DHS has hurt him. "The state of Texas, in construction contracts and leasing-building programs, has a target on its back," he said. "The incompetence and unprofessional attitudes and lack of concern that come with state-managed projects make it fair game. [The recent disclosures of cost overruns in] the Capitol renovation are a perfect example. Most state projects will have cost overruns and change orders that give contractors more money. It's part of today's business practice to low-bid state projects and then use change orders to increase [profits] by 10 to 50 percent." In the private sector, Green maintains, contractors would never be allowed to get away with such practices; the professional project managers apply higher scrutiny and are held accountable for delays and overruns early in the project life.

Green also says he saw several instances in which DHS middle-management spent state funds to give themselves palatial offices while the safety and comfort of front-line employees was neglected. Such practices briefly hit the headlines in 1987 when the *Houston Post* revealed that DHS had spent \$130,000 on fine furniture for agency executives while providing some of the lowest aid to the poor in the nation. "The agency spent more money on one swivel chair for its executive suite than it did on a year's worth of AFDC payments to one child," *Post* reporter Mark Sanders wrote.

As noted earlier, most of the accusations set forth here largely represent George Green's allegations, which must still be proved in court. The *Observer* tried to obtain responses from DHS officials. Calls to Harold Jobes (Green's supervisor at DHS at the time of his firing, and the person who recommended he be terminated), John Griffin, and Ron Lindsey (who resigned as Commissioner last spring under pressure and is now a special assistant to House Speaker Gib Lewis) were not returned. John Hopkins said he wanted very much to talk about the Green case but was advised by his attorney not to do so while the matter was still in litigation. Rep. Jack Vowell, who confirms that he did meet with Green, refused further comment for the same reason, as did DHS spokesman Mike Jones, who referred inquiries to John Owens, the Attorney General's lawyer involved in the case. At press time, Owens had not returned calls either.

Since his firing, the tenacious Green has almost obsessively staked his self-worth on obtaining vindication. Fueled by his anger, he has pursued this goal through the courts and elsewhere. It's difficult to escape the impression that he views his actions, and DHS's response, as battles in a moral crusade over government accountability to the people. Though his suit asks for money damages, it is apparent that what George Green really seeks is recompense for doing what he was hired to do: Find and eliminate waste and inefficiency in state government. In his mind, he did his job — and found not reward, but retribution from a bureaucratic system that must strike at anyone who challenges it. By the end of this month, he should know whether a jury of his peers sees it his way. □



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Oil in the Family

George W. Bush and His Slippery Friends

BY DAVID ARMSTRONG

IN JANUARY OF LAST year, Harken Energy Corp. of Grand Prairie signed an oil-production sharing agreement with the government of Bahrain, a tiny island nation off the east coast of Saudi Arabia. The deal gives Harken the exclusive exploration, development, production, transportation and marketing rights to most of Bahrain's offshore oil and gas reserves. The territories covered by the pact lie sandwiched between the world's largest oil field, off the shore of Saudi Arabia, and one of the biggest natural gas fields, off the shore of Qatar.

At the time the deal was announced, oil industry analysts marveled at how this virtually anonymous company, with no previous international drilling experience, had landed such a potentially valuable concession. "This is an incredible deal, unbelievable for this small company," Charles Strain, an energy analyst at Houston's Lovett Underwood Neuhaus & Webb, told *Forbes* magazine last September. Not mentioned in the *Forbes* article was the fact that George W. Bush, eldest son of the President, sits on Harken's board of directors and is a \$50,000-a-year "consultant" to the company's chief executive officer. Bush also holds roughly \$400,000 in Harken stock.

But the President's son would not be the only notable figure to profit if Harken struck oil in Bahrain. Others with financial ties to the company include: The billionaire Bass family of Fort Worth, which will pay for Harken's Bahrain expedition in exchange for a cut of the profits; Harvard University, which, through an affiliate, is Harken's largest shareholder; South African tobacco, liquor and natural resources magnate, Anton Rupert, a major Harken stockholder; and wealthy Saudi Arabian businessman, Abdullah Taha Bakhs, who also holds a large stake in the company.

It is not just these wealthy and powerful figures that make Harken noteworthy, however. Research by the *Observer* reveals that Harken has direct links to institutions involved in drug smuggling, foreign currency manipulation and the CIA's well-documented role in the destabilization of the Australian government. While it should be stressed that none of the players involved in Harken stand accused of any improper or illegal activity, the company's association with these institutions raises serious questions. Many of these connections are subtle, hidden behind multiple layers of corporate stealth. To fully appreciate Harken and its milieu, however, these connections must be fully examined. What follows is a summary of the *Observer's* investigation.

Behind Every Bush

George W. Bush's involvement in Harken first came to light last October in a story by *Houston Post* investigative reporter Pete Brewton. (See "The Great S&L Robbery," *TO*, 4/5/91.) At the time, Brewton questioned young Bush about



George W. Bush

FILE PHOTO

Harken's deal with Bahrain, which was then threatened by hostilities in the Persian Gulf. Moreover, as the *Village Voice* reported in January, "Harken's investments in the area will be protected by a 1990 agreement Bahrain signed with the U.S., allowing American and 'Multinational' forces to set up permanent bases in that country." Bush, who is the managing general partner of the Texas Rangers baseball club, told the *Post* it would be "inappropriate to say the U.S. armed forces in the Persian Gulf are protecting Harken's drilling rights off Saudi Arabia."

"I don't think there is a connection," Bush said. "I don't feel American troops in Saudi Arabia are preserving George Bush Jr.'s drilling prospects. I think that's a little far fetched."

In the course of his interview with the *Post*, Bush mentioned that he'd sold a large portion of his Harken stock sometime "in June or July" 1990, just weeks before Iraq's invasion of Kuwait last August 2. Within days of the invasion, the value of Harken shares dropped dramatically. Although armed with the knowledge of the transaction, Brewton could find no record of it on file with the Security and Exchange Commission (SEC).

The mystery of the missing documents was resolved on April 4 of this year, when the *Wall Street Journal* reported that Bush failed to report the "insider" stock sale until March of this year, nearly eight months after the federal deadline for disclosing such transactions. According to the *Journal*, documents filed with the SEC, indicate that on June 22, 1990, Bush sold 212,140 shares of his Harken stock for \$4 per share. The sale represented 66 percent of Bush's holdings in the company and raised \$848,560.

Bush sold his Harken shares at near top market value. Just one week after Iraqi troops marched into Kuwait, for example, Harken traded for just \$3.03 per share, down nearly 25 percent from the price Bush received for his shares seven weeks earlier. In the past year, Harken has never closed higher than \$4.62 per share and has dropped as low as \$1.12. Since the war ended in February, Harken has rebounded and is once again trading at around \$4 per share.

Under SEC regulations, Bush should have reported the sale by July 10, 1990. According to the *Journal*, however, Bush did not disclose the transaction until the first week of March, 1991. In the past, the SEC has mounted civil suits against flagrant violators of insider-trading rules, but such actions are rare. "The commission can take a variety of actions in cases in which SEC filing rules are not complied with," said Mary McCue, director of the SEC's Office of Public Affairs. "I don't want to speculate on actions because each case is analyzed individually. ... In fact, we neither confirm nor deny that investigations are underway." Bush did not return the *Observer's* phone calls. The White House press office said it had "nothing to share" on the matter.

In his interview with the *Post* last year, Bush described himself as a "small, insignificant" stockholder in Harken. According to the company's 1989 proxy statement, Bush owned 345,426 shares of Harken's common stock, or less than 1.1 percent of the total.

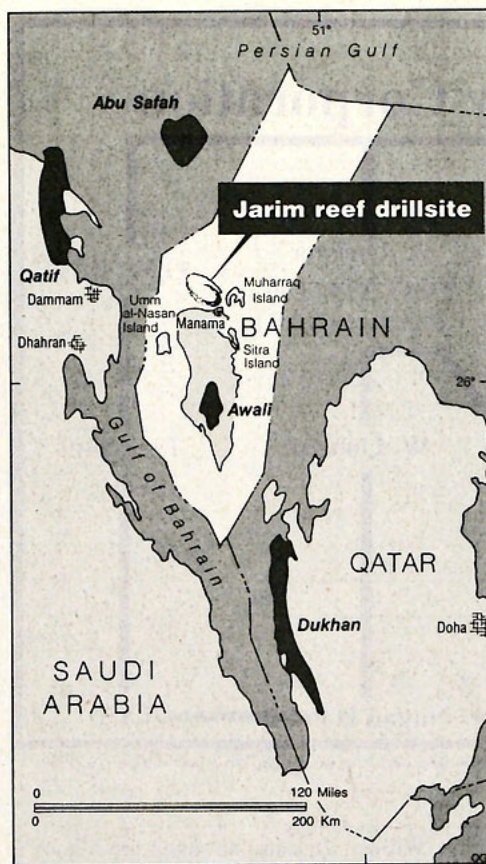
News reports in 1989, however, identified Bush as Harken's second-largest non-institutional stockholder. The company's 1990 proxy statement indicates Bush owns 105,000 shares of common stock, less than 1 percent of the outstanding total, and has warrants to purchase another 28,286 at a substantially reduced price. As a director of Harken, Bush earned at least \$20,000 last year, according to the company's proxy statement. He received an additional \$120,000 as a "consultant" to Harken President and CEO Mikel D. Faulkner. This year, Bush will receive \$50,000 in compensation for his consulting services in addition to his pay as a director.

Bass Fishing in Bahrain

Following the collapse of world oil prices in 1986, Bush merged his Midland oil company, Spectrum 7 Exploration, with Harken. According to a 1989 article in *The New Republic*, Bush "got no cash or role in Harken's management, but he did get 1.5 million shares of Harken restricted stock, warrants to buy 200,000 more, and a seat on Harken's board." At the time of the merger, Harken had annual revenues of just \$4.4 million. In 1990, the company took in over \$822 million. Despite this rapid growth, however, Harken has not made money since the merger. In 1990 alone, the company lost over \$8.3 million.

As a result of its deal with Bahrain, however, Harken's fortunes could change. Although the only other oil-exploration effort off the shore of Bahrain came up dry in 1961, Harken officials believe the area holds vast potential. In 1989, Bahrain's one producing onshore oil field yielded 42,000 barrels a day. The country's estimated underground reserves for 1990 totaled 112-million barrels out of the 660-billion barrels in the entire Persian Gulf region. "It's a wildcat prospect, so you have to give it a low probability of success," Faulkner told the *Fort Worth Star-Telegram* last month, "but it's the kind of thing that, if it hits, could make a tenfold increase in the value of the company."

Under the terms of the agreement with Bahrain, Harken will drill up to six exploratory wells over a three-year period. If Harken finds oil, it will share the production revenues with the government of Bahrain for the next 35 years. Neither Harken nor the Bahraini government will disclose how those revenues would be divided.



Harken estimates the cost of drilling the first well will run between \$12 million and \$13 million. Analysts say the cost of drilling six wells could range as high as \$50 million. For cash-strapped Harken, these costs presented a formi-

dable obstacle. Once the deal with Bahrain was signed, therefore, Harken began looking for deep-pocketed partners to fund the project. At least 30 eligible suitors soon came forward, including five major oil companies. Harken eventually settled on Bass Enterprises Production Co., the oil and gas exploration and development arm of Fort Worth's billionaire Bass family. Bass Enterprises is headed by Sid and Lee Bass, sons of oil tycoon Perry Richardson Bass.

In July 1990, Harken announced that Bass Enterprises would fund the first three exploratory wells in Bahrain. After drilling the three initial wells, Bass may withdraw from the project, but would forfeit all rights to any revenues from oil production. If Bass funds an additional three wells, however, it will earn a 50-percent share of the profits Harken receives as part of its agreement with Bahrain. Current plans call for drilling to begin in the fall.

Two in the (Nugan) Hand

George W. Bush and the Bass brothers are not the only children of prominent parents involved in Harken. Harken director and former chairman Alan G. Quasha is the son of powerful Philippines lawyer William H. Quasha. Published accounts have documented connections between the senior Quasha and Australia's infamous Nugan Hand Bank. Official Australian government investigations during the late 1970s and early 1980s revealed Nugan Hand's involvement in drug money laundering and ties to the U.S. military and intelligence community. Nugan Hand co-owner and vice-chairman, Michael Jon Hand, a Green Beret war hero and CIA operative, was also a "pal of dope-dealers and of re-

Cast of Characters

Abdullah Taha Bakhsh — Wealthy Saudi Arabian business man; owner of Traco International and Atherstone International, major shareholders in Harken; represented on Harken's board by Talat Othman.

Sid and Lee Bass — Heirs to the fortune of Fort Worth oil man Perry Richardson Bass; founders of Bass Enterprises Production Co., the group funding Harken's oil exploration in Bahrain.

George W. Bush — Son of President George Bush; managing general partner of the Texas Rangers baseball club; Harken director and \$50,000-a-year consultant.

David Edwards — Little Rock investment banker; middle man in negotiating Harken's deal with Bahrain.

Mikel D. Faulkner — President, CEO and Chairman of the Board of Harken Energy Corp.; director of Frontier Oil and Refining Co.

Wilfred Gregory — Co-administrator of Nugan Hand's Philippine office; client of Manila lawyer William Quasha.

Michael Jon Hand — "Bronx-born Green Beret war hero, CIA operative, vice-chairman and half owner of the [Nugan Hand] bank, pal of dope-dealers and of retired and not-so-retired military-intelligence officials; now one of the world's most wanted men," according to *The Crimes of Patriots*, which was published in 1987.

Maurice Bernard "Bernie" Houghton — Secretive Texan and camp follower of America's Asian wars; described in *The Crimes of Patriots* as "The mysterious puppetmaster of Nugan Hand."

Gen. LeRoy J. Manor — Chief of staff for U.S. Pacific Command

and U.S. liaison to Philippine President Marcos; ran Nugan Hand's Manila office; client of Philippines lawyer William Quasha; later assigned to investigate failed hostage rescue mission in Iran in 1980.

Francis "Frank" John Nugan — Son of an Australian fruitpucker; chairman and half-owner of Nugan Hand Bank; found shot to death in his car in 1980.

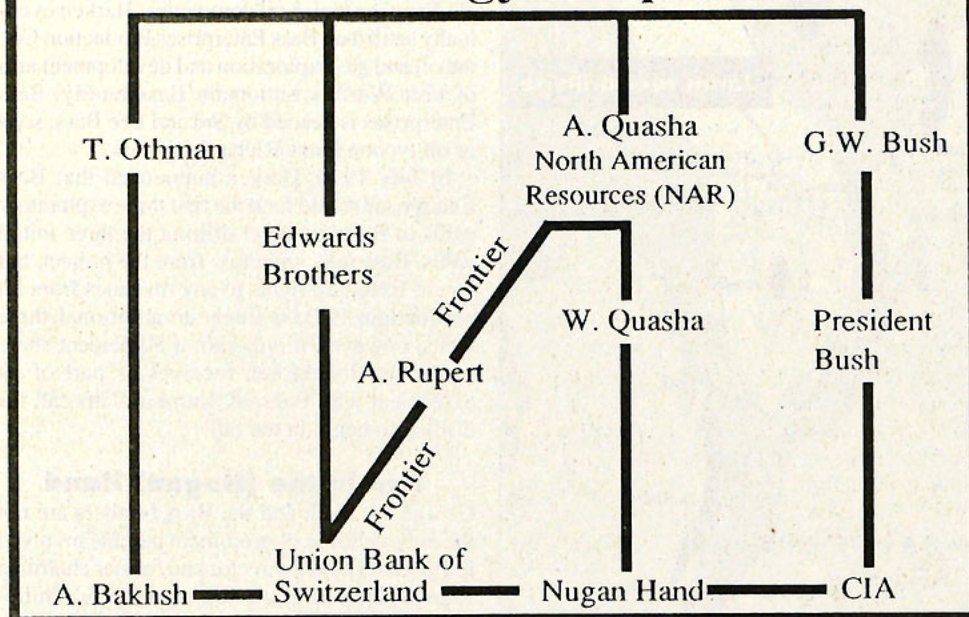
Talat M. Othman — Palestinian-American businessman and Harken director; representative of Abdullah Bakhsh.

Alan Grant Quasha — Son of Philippines lawyer William Quasha; partner in the New York law firm of Quasha Wessely & Schneider, (which, over the past three years, has provided over \$1.1 million in legal services for Harken); chairman of the Board of Harken from 1983 to February 1991; currently a Harken director; also a director of North American Resources Ltd. (NAR), a major stock holder in Harken, and chairman of Frontier Holdings Inc.

William Howard Quasha — Philippines lawyer; father of Alan Quasha; in 1980, counsel to Gen. Manor and Wilfred Gregory.

Anton Rupert — South African tobacco, liquor and natural resources tycoon; head of Rembrandt Group of companies; partner, with Quasha's family, in North American Resources Ltd., a major shareholder in Harken; head of Frontier Oil and Refining Co.; member of South Africa's Broederbond, or "band of brothers," a secret society of white male Calvinist Afrikaners, according to *Fortune* magazine; widely regarded as one of South Africa's "most enlightened" Afrikaner businessmen.

Harken Energy Corporation



CONNECTIONS BETWEEN ENTITIES IN CHART INDICATE BUSINESS OR PERSONAL RELATIONSHIPS, AND DO NOT IMPLY KNOWLEDGE OF ANOTHER ENTITY'S ACTIVITIES.

tired and not-so-retired military-intelligence officials," according to *The Crimes of Patriots*, a book by former *Wall Street Journal* reporter Jonathan Kwitny. In 1977, the Australian Narcotics Bureau released a report detailing Nugan Hand's involvement in a drug smuggling network that "exported some \$3 billion [Australian] worth of heroin from Bangkok prior to June 1976," according to Australia's *Sunday Pictorial*. Moreover, according to a 1984 article in *Mother Jones*, former CIA officers and Iran-contra figures Theodore Shackley and Thomas Clines, along with their subordinate Edwin Wilson (who is currently imprisoned for selling plastic explosives to Libya), used Nugan Hand funds for a variety of covert operations, including the well-documented destabilization of the Australian government in 1975.

In April 1980, as Australian government investigators closed in on Nugan Hand, the co-administrators of the bank's Manila offices, U.S. Gen. LeRoy J. Manor and British subject Wilfred Gregory, turned to their lawyer, William Quasha, for advice, according to *The Crimes of Patriots*. In addition to his duties with Nugan Hand, Manor was chief of staff for the U.S. Pacific Command and the U.S. government liaison with Philippine President Ferdinand Marcos. Gregory was Nugan Hand's original representative in the Philippines and a personal friend of Marcos' brother-in-law, Rudwig Rocka, whose family deposited \$3.5 million in the bank, according to *The Crimes of Patriots*. Gregory has stated that Manor's decision to flee the Philippines to avoid imprisonment was inspired by a conversation with William Quasha. According to *The Crimes of Patriots*, "Gregory

says William Quasha 'arranged for Manor to leave the country. He told me to go too. He said, "You could wind up in jail.'" The three-star general, according to Gregory, left overnight."

In an interview with Kwitny, Quasha said that attorney-client privilege prevented him from saying whether he told Manor and Gregory they faced possible imprisonment, or whether he advised Manor to leave the Philippines. "I'm not confirming or denying that I gave General Manor such advice," Quasha said.

Harken's familial ties to Nugan Hand and, indirectly, the intelligence community, are reminiscent of another of the company's father-son relationships: that of George W. Bush and his father, the former director of central intelligence.

The Long Arm of Nugan Hand

Harken, the Quashas and other key Harken figures have additional ties to Nugan Hand through dealings with a Swiss bank. William Quasha's son Alan, the Harken director, is an attorney with the New York law firm of Quasha Wessely & Schneider. He is also a director of North American Resources Limited (NAR), one of the principal stockholders in Harken. According to Harken's proxy statement, NAR, which owns 20.24 percent of Harken's stock, is a partnership between Quasha's family and the Richemont Group Limited, a publicly-traded Swiss company. The Richemont Group is controlled by South-African billionaire Anthony E. "Anton" Rupert. NAR is also the parent company of Intercontinental Mining and Resources Limited (IMR), another major Harken shareholder, according to Harken's proxy statement. The proxy

also states that IMR "and its affiliates" are major shareholders in two Harken subsidiaries, E-Z Serve Corp. and Tejas Power Corp. In 1989, E-Z Serve sold 80 percent of its Hawaiian subsidiary, Aloha Petroleum, Ltd., to IMR for \$12 million. IMR later sold its interest in Aloha.

Alan Quasha also sits on the board of directors of Frontier Oil and Refining Co. of Denver, along with Harken President Mikel Faulkner. Like the Richemont Group, Frontier is headed by Anton Rupert. Last October, Harken and Frontier announced that E-Z Serve would purchase Frontier Oil Corp., a subsidiary of Frontier Oil and Refining. The Frontier group later backed out of the deal.

When Rupert acquired Frontier in a hostile take over in 1988, he announced an \$85 million "revolving credit facility" with Union Bank of Switzerland, replacing all of the refiner's previous "working capital facilities," according to *National Petroleum News*. In October 1988, *Business Week* reported that Union Bank held a 5.5-percent stake in Harken. Published accounts have linked Union Bank to Nugan Hand.

After Nugan Hand co-founder Frank Nugan was found shot to death in his Mercedes-Benz 90 miles outside of Sydney in January 1980, it was discovered that he had forged the signature of New South Wales Attorney General Frank Walker on a letter to Union Bank, opening an account in Walker's name. At the time, Walker was directing criminal fraud proceedings against Nugan and his brother Frank (who was also charged with obstruction of justice and embezzlement) for their role in a stock scandal involving the family fruit business. "The only reason for writing such a letter," according to *The Crimes of Patriots*, "would be to try to frame Walker, to embarrass or blackmail him. But Walker says he never heard about it until the letter was found after Nugan's death."

Another key Nugan Hand figure also had dealings with Union Bank. Bernie Houghton, described in *The Crimes of Patriots* as "the mystery man of Nugan Hand [and] perhaps its most important figure," was well acquainted with a traveling Union Bank official. Houghton, a secretive Texan who may actually have introduced Nugan to his future partner, Michael Hand, introduced the Union Bank official to Nugan Hand representatives in Asia, according to *The Crimes of Patriots*.

Union Bank was also central in the CIA-assisted "constitutional coup" that brought down the government of Australian Prime Minister Gough Whitlam in 1975. The so-called Gough Whitlam affair erupted when "a package of fake documents that was used to start a political scandal over the obtaining of Arab loans through a shady middleman ... was sent off with a Union Bank cover letter," according to *The Crimes of Patriots*. "By the time the opposition parliamentarians who received the package had turned its contents over to the press, the signature had been torn off the letter. Even though the documents were later exposed as bogus, their

publication helped weaken and ultimately destroy the Whitlam government."

Faulkner told the *Observer* he was unaware of Union Bank's connection to these activities. "No, I didn't know that," he said. Alan Quasha did not return the *Observer's* phone calls.

State of the Union

Faulkner, the Quashas and Rupert are not the only Harken figures with ties to Union Bank. In 1987, Harken announced the placement of \$25 million in common stock through the securities firm of Stephens, Inc. of Little Rock, Ark.



Alan Quasha

KENNY CHEN

Stephens placed the stock with a Union Bank subsidiary in London. Union Bank eventually sold its Harken holdings to a group of companies, including Traco International, N.V. Traco is a Netherlands Antilles company owned by Saudi Arabian businessman Abdullah Bakhsh. Traco is represented by Talat Mohamad Othman, a naturalized Palestinian-American and president of Dearborn Financial, Inc., a Chicago investment firm. Othman, who sits on Harken's board of directors, also represents Atherstone International, N.V., a Traco subsidiary and a major Harken stockholder. All together, Othman controls 17.54 percent of Harken's stock, according to Harken's proxy. Asked whether Othman or Bakhsh had any relationship with Union Bank, Charles Olson, an associate of Othman's with Dearborn, said, "As far as I know, the answer to that question is no."

Harken's contacts at Stephens Inc. were brothers David and Mike Edwards. It was the Edwardses who set up Harken's stock placement with Union Bank. After leaving Stephens and starting an investment firm with his brother, David Edwards played a key role in landing the Bahrain deal for Harken. In April 1989, Bahrain was looking for a company to explore its offshore acreage. They employed the services of Michael Ameen, the American-born son of Arab immigrants, who, according to *Forbes*, spent 22 years with the Arab American Oil Co. (Aramco), the world's largest petroleum outfit, and 13 years running Mobil Oil's Middle East operations. Edwards, an old friend of Ameen's, put him in touch with Harken. After months of negotiations,

Harken signed a production-sharing agreement with Bahrain in January 1990. In the late 1970s, David Edwards made headlines when he blew the whistle on irregular foreign currency transactions at Citibank in New York.

Another newsmaker with ties to Harken is Wall Street money manager George Soros. Until 1989, Soros held a 20-percent stake in Harken. In July of that year he sold back his 6.9-million shares in the company for nearly full market value, and persuaded Harken to sell him its 42-percent stake in Crystal Oil Co. of Shreveport, La., at a deeply discounted rate, according to *Newsweek*. Alan Quasha sits on the board of Crystal. Soros, a native Hungarian and member of the Council on Foreign Relations, is head of the Soros Foundation, a philanthropic organization that underwrites independent political groups in Eastern Europe. "Recently he was in Warsaw, plugging his plan to revive Poland's economy by swapping foreign debt for stakes in Polish industry," *Newsweek* reported in May 1989. "The quite blatant idea is to train communists to be capitalists."

It's All Relative

Harken is clearly not a typical small oil company. Its allure to some of the world's richest and most powerful men, and ability to secure potentially valuable concessions, perplex even veteran industry analysts. Equally fascinating is the company's complex web of financial and family relationships. Ultimately, it is these connections and their potential significance that make Harken a company worth watching. □

Observer intern Tracy Shuford provided research assistance for this story.

Fairness

continued from page 4

heaviest proportionally on the poorest and most lightly proportionally on the richest.

That is not to say that Hobby, Jess Hay and Bob Bullock have come up with the right answer. They have not. They advocate a *flat-rate* personal income tax. That means the rich would pay at the same rate as the poor. The only mitigation, in the Hobby-Hay plan, would be their proposed \$4,000 personal exemption.

What the people of Texas require and deserve is at least a few members of the Texas House and the Texas Senate who will advocate, introduce, and above all demand record votes on a graduated-rate progressive income tax. Such a tax can easily raise the \$5 billion the state needs while simultaneously enabling the lowering of the sales taxes that now clobber the poor and middle classes and the property taxes that hit families painfully where they live. Anybody who has studied the situation knows that an income tax which falls heavier proportionally on those most able to pay can do all three of those things.

The consensus opinion that "only one-third" of the members of the House of Representatives favor a personal income tax overlooks the question, how many of the members are undecided

or wavering? But whether such a tax can be passed this year or not, a record vote must be made so that every legislator can be held accountable on the issue at the polls from now on.

Comptroller John Sharp's "performance audits" are not going to save the state anything like \$5.22 billion. Sharp proposes, as part of his "performance audits," to double college tuition, just as Connally would; Sharp is going to raise state fees, presumably in the course of "performance audits." Rational economies in government are welcome, but doubling college tuition and raising use fees again and again are nothing but the continued gouging of the poor and middle class people of Texas. Sharp, like Hobby, Bullock, and Montford, should belly up to the bar and endorse a personal income tax. He might even shoot out ahead of them by advocating a graduated rate!

All this feinting and double-feinting, politics as usual, and poltroonery disguised as principle is going to cost the people of Texas dearly. Not only are we going to wind up paying higher property and sales taxes. If Connally and Sharp have their way, it is going to cost \$1,200 a year instead of \$600 a year to send a kid to college; if Sharp has his way, teachers' pensions may fall; if Connally has his way, working people will pay 20 cents more a gallon for gasoline and therefore that much less for shoes and bread; if Sharp has his way on bond financing, all the taxpayers will wind up paying twice or three times as much for state highways, prisons, and facilities for the mentally ill.

Hell's Bells! Ann, you said you were going to fight for the people—the Capitol was going to be a people's government again! Well, then, take in now please, and fast, the 80-page study, "A Far Cry from Fair," produced recently by Citizens for Tax Justice.

Among "The Terrible Ten" states of the union for soaking the poor and middle classes while currying the rich in tax policy, Texas ranks *second*, after only Nevada. According to Citizens for Tax Justice, state tax rates on the poor in Texas are 17 percent, compared to 3.1 percent on the rich. That is, we tax the poor at 556 percent the rate at which we tax the rich. The Texas state tax on middle-income families is 8.4 percent, compared to 3.1 percent on the rich. We tax our middle-income families at 273 percent the rate at which we tax the rich.

Eight of the terrible ten states, Nevada, Texas, Florida, Washington, South Dakota, Tennessee, Wyoming, and New Hampshire, have no personal income tax; the ninth and 10th states on the list, Pennsylvania and Illinois, levy such a tax at very low and above all at *flat* rates.

The people are not stupid. Neither is Ann Richards. Members of the Legislature should give the people the voting records on a graduated-rate, progressive income tax, so we will know know at the next election who stands for the people and who stands for the rich, and the devil take the hindmost. Ann Richards should stop hiding behind politically cagey predictions about what the legislature will or won't do and start fighting for a tax system that makes sense for the people of Texas.

— R.D.

El Salvador Battles Continue in the Streets and the Legislature

SAN SALVADOR

The assault came as I walked along a street several blocks from the First Brigade headquarters near downtown San Salvador. I heard the thump, thump, thump of rocket blasts followed by long bursts of small arms fire. Minutes later a tense squad of troops from the garrison began sweeping through the neighborhood, looking to engage any urban commandos of the Farabundo Marti National Liberation Front (FMLN) still in the area after their lightning attack on the fort.

Soldiers nervously scoured the block I was on, periodically stopping and crouching along the sides of buildings or parked cars. Meanwhile, pedestrian traffic through the neighborhood continued unabated — with people seemingly unconcerned by the presence of so many obviously edgy soldiers. “They’ll never find anything now,” said one Salvadoran walking near me. “The commandos go like the wind after an attack. These guys are wasting their time.”

Back at the First Brigade, I found a scene of unbelievable chaos. Heavily armed troops on foot and in trucks filled the blocks surrounding the garrison. A helicopter circled above me, while a tank and armored personnel carrier rumbled by down the street. A crowd of reporters, television crews, soldiers and Green Cross members filed into a nearby house, a full block away from the brigade. Outside a crowd of curious onlookers gathered and stared.

Stepping inside, I made my way to the rear of the house. Looking up through a hole in the roof where the rocket struck, I backed up, turned and found myself staring down at the bloody corpses of two women, 55-year-old Gladys Giron and her 52-year-old sister Rosa, who lay where they were struck by shrapnel. A 6-year-old girl and her 4-year-old brother were also injured, and were on their way to the hospital.

In all the FMLN had fired at least six rockets in the attack. Without the use of forward observers to guide their fire, only one rocket found its mark, landing just inside the outer entrance to the First Brigade headquarters. It hit a parked car, slightly wounding three soldiers. The other five all found civilian locations, destroying parts of several homes and a pick-up truck. Luckily, no other civilians were killed or injured.

War of Words and Weapons

In El Salvador the war is as much a political struggle as it is a military one. This assault was immediately branded a “terrorist” attack by the



JIM CROGAN

52-year-old Rosa Giron, killed in FMLN rocket attack

National Republican Alliance (ARENA) government of President Alfredo Cristiani, the Salvadoran army, and the majority of the San Salvador media, predominately owned by right-wing interests. The U.S. Embassy also added its voice to the chorus of condemnations.

The next day the new assembly of deputies, still dominated by the right-wing ARENA party and its National Conciliation Party (PCN) allies forced through a resolution condemning the FMLN as terrorists. The eight newly elected left-wing delegates of the Democratic Convergence (CD), a coalition of three parties, led a failed effort to amend the resolution and add a condemnation of the Salvadoran army for its many attacks against the FMLN, in which civilians have also been killed or injured.

“Our attitude was you can’t condemn the FMLN for an attack which accidentally kills civilians and ignore the fact that the Salvadoran military carries out operations all the time which does the same thing,” explained CD delegate from San Salvador and member of the left-wing Revolutionary National Movement (MNR) party, Silvia Barrientos. “I certainly don’t mean to minimize the casualties,” she continued, “but the only problem with this attack by the FMLN was that it resulted in civilians killed. Other than that it was a valid attack. Part of the problem is that the Salvadoran army has chosen to build its garrisons in heavily populated areas. So in all like-

lihood, we will continue to have civilian casualties until we negotiate a cease fire.”

The FMLN issued a communique two days later, apologizing for the casualties but claiming its right to continue the attacks until a cease fire has been reached. Since then there have been two more attacks on the First Brigade. Neither caused civilian casualties. Meanwhile, civilians living near military installations and too poor to move, find themselves trapped between the two opposing forces and also inadvertent shields for the heavily garrisoned Salvadoran army. While this attack captured the headlines in the capital, it also highlighted the fact that the war, the ongoing peace talks, and the aftermath of the assembly elections in March continue to dominate the political landscape here.

Election Intimidation

Those elections marked an historic moment in Salvador’s turbulent political history — the first presence of the legal left in the assembly of delegates. “It was quite an accomplishment that we won. But I was left with mixed feelings about our victory,” explained CD delegate from San Salvador and newly elected First Vice President of the Assembly, Ruben Zamora. Zamora is also general secretary of the Popular Christian Social Movement (MPSC) party. “A couple of years ago when we formed the CD with the MNR and the Social Democrats, we were seen as crazy

people on an adventure that would last only a few weeks. Our victory was important because of the 84 members we are eight, and with the Democratic Nationalist Union [UDN] delegate, nine leftist delegates in a congress still dominated by the right-wing ARENA Party," he continued. "On the other hand I now have a real sense of powerlessness, because the expectations about us are so high from the popular movement which supported and helped elect us."

Looking toward the 1994 elections, Zamora — the probable frontrunner for President on the CD ticket — called the recent vote a good "practice run" for the CD. "Personally the project for me and the Convergence has always been to bring the left to power in El Salvador by legal means. So if we can achieve peace this year then I believe that 1994 will be our year, regardless of who heads our ticket. We have to be ready for that election and the possibility we will attain power. This practice in Congress is very important for us because we are participating in the running of our government. We in the CD must convince a nation that we are capable of leading this country fairly."

Fairness, however, said Orlando Sandoval, CD delegate from Chalatenango, a conflict-ridden zone in the northern part of the country, was something the CD experienced very little of during this past election. "We confronted a challenge and a threat by ARENA and PCN supporters in Chalatenango which included phone threats against our lives, made to our houses during the early stages of the campaign." They also targeted CD candidates as "guerrilla supporters," Sandoval said, and called him the "guerrilla deputy." The terror campaign, he acknowledged, did manage to intimidate some of the CD field workers and supporters into not working or voting. "They were told that their heads would be cut off if they voted for us," he said.

Sandoval said the military also began a major campaign through the northern part of the department in February which lasted until after the election. "We believe that 80 percent of our supporters here did not get to vote because of those operations," he said. "We don't blame them for not voting, because for us security is always first and then we worry about elections." About two weeks before the election, he added, the army initiated a program of forced recruitment, taking 1,600 men of voting age out of El Paraiso and transferring them out of the area. "ARENA ended up winning the seat there by 1,400 votes and that is why they won," he said. (Allegations of forced recruiting to sway the vote count have been hotly denied by the Army, ARENA, and the U.S. Embassy.)

On election day Sandoval claimed that the military circulated close to the polls in the City of Chalatenango and thereby intimidated voters. He also said that votes were being bought outright. That charge was confirmed by residents of San Jose Las Flores, a repopulated town near Chalatenango, located in an FMLN-controlled

zone. Several San Jose residents said voters were paid 10 *colones* (approximately \$1.25) to vote for ARENA. Sandoval also said that names of people with voting cards were left off the voting



FMLN recruit in Morazán

JIM CROGAN

lists, voting booths were moved, and names misspelled on voting lists. "These were all tactics used to stop our people from voting."

The Death Squads Return

While allegations of election day fraud continue to be debated, what cannot be denied is the recent resurgence of death squad activity directed at CD candidates and their supporters. This has been especially true in Santa Ana, a western department dominated by the oligarchy of coffee-growers and birthplace of the death squads.

Recently an unsuccessful MNR candidate, Isaac Martinez, was assassinated by a death squad there. According to Antonio Gonzalez, director of the Latin America Project of the Southwest Voter Research Institute (a group with offices in San Antonio and Los Angeles, and one of five official observer groups sent by the U.S. Congress), Martinez was known as a "hard-driving union and CD field organizer" who had long been a thorn in the side of the right-wing in Santa Ana. Gonzalez, recently on a fact-finding post-election trip to El Salvador, said his investigation revealed that Martinez had been abducted while he was at a bar with some friends. "He was found the next day on the road with his thumbs tied behind his back, acid and cigarette burns on his chest, stab wounds in the neck and his stomach slashed open by a machete."

There is a general consensus on the left that until a cease fire is reached, the killings, intimidation and electoral fraud are bound to continue and possibly worsen. El Salvador is growing increasingly war-weary, especially those conflicted areas of the countryside. While the Urban Commandos continue to attack the infrastructure of

the major cities, the fighting is actually increasing in the countryside as peace talks heat up.

Currently, the Salvadoran Army has launched a major campaign in eight of the country's 14 provinces. In response, the FMLN has ordered a series of counter-thrusts, designed to reduce the military pressure. These attacks included an assault on the Mariona prison in San Salvador by a combination of regular units, guerrilla special forces, and urban commandos, which resulted in the escape of 35 political prisoners being held by the government.

The Right Wing Flies from Peace

The military's attacks against the FMLN began as the last round of peace talks concluded in Caracas, Venezuela. Those talks ended with what appeared to be a stalemate over the critical issues of cleansing the army and demilitarizing Salvadoran society. Moreover, the new hardline demands put on the table by the government, seem to contradict the earlier agreement signed at the end of April in Mexico and ratified, with some important changes, by the previous assembly.

Under the April agreement, the government and the FMLN agreed on a plan to disband the state's security forces, which include the National and Treasury Police and the National Guard, all groups with horrendous human rights records. These groups were to be replaced by a civilian National Police force under a civilian Minister of the Interior. The parties also agreed to the establishment of a three-member "Truth Commission," to look into the records of human rights abuses and the issue of cleansing the armed forces. The commission's members were to be picked by the UN Secretary General. That agreement also included major electoral reform measures.

While leading leftists, including Zamora, vow to cleanse the security forces and stop any behind-the-scenes efforts to maintain the status quo, the security forces seem to have a different approach in mind. These changes have the "full support" of the security forces and the army, said Colonel Roberto Pineda, the current head of the Treasury Police.

As Pineda sees it, this restructuring will only mean that the members of the security forces like himself who are Army personnel will be transferred back to the Army. The control of Treasury Police will be shifted to Salvador's Treasury Department and members in all of the security forces who wish to join the new civilian police force will be free to do. As for the "Truth commission," Pineda said it will be based on the "Chilean model and the army and even the (ARENA-dominated) Supreme Court does not recognize its jurisdiction to prosecute."

Regarding the allegations of death squads operating out of the Treasury Police, Pineda responded, "It is not for me to say yes or no. If they have evidence of such crimes let them bring the evidence forward for an investigation."

Pineda also said that during this transition pe-

Breaking Silence on a Pique in Darien

BY STEVEN G. KELLMAN

INVASION IN PANAMA
Empowerment Project Production
Directed by Barbara Trent

LIBERTY HAS A PRICE," Guillermo Ford, second vice president of Panama, tells the camera. "And if you're not willing to pay for it, you'll never be free." Beginning on the evening of December 28, 1989, Panama paid an exorbitant price. *Invasion in Panama*, a production of the Empowerment Project, a progressive media resource center based in Santa Monica, Calif., raises rude questions about the price, the willingness of Panamanians to pay it, and whether the massive carnage, destruction and dislocation wrought by North American liberators in fact bought them freedom.

For a two-month period, in the winter of 1989-1990, Panama was flavor of the month on the fickle national menu of the United States. We daily dined on stories of injustice against its citizens and indignity against their Yankee patrons. Though George Bush was not too preoccupied with making war on the isthmus to cancel his annual quail hunt in Beeville, everyone in this country was talking about Panama, and 26,000 troops were doing something about it. *Invasion in Panama* is a sequel of sorts to *Destination Nicaragua* and *COVERUP: Behind the Iran Contra Affair* in the Empowerment Project's series of attempts to expose the folly and villainy of recent foreign policy. Unless American citizens become enlightened and empowered, the EP's series is likely to spawn more sequels than *Rambo*.

Shot in video and then transferred to film, *Invasion in Panama* is both technically and emotionally raw. As though concern for the niceties of cinematic texture were a frivolous distraction from the duty to bear witness and as though production values were inversely related to human ones, the film eschews entertainment or even art; this is *J'accuse* and not *War and Peace*.

Steven Kellman is a professor of comparative literature at the University of Texas at San Antonio.

But it exposes the deceptions that made war both possible and pernicious in a tiny Central American country that most know as much about as Grenada or Angola. *Invasion in Panama* will be released this summer as a 90-minute feature, but even the 35-minute work-in-progress that I previewed was disturbing enough to be honored at festivals in Buffalo, Chicago, Geneva and Havana.

THE FILM CONTAINS actual battle footage and images of corpses and orphans, but the most disturbing sequence occurs when director Barbara Trent attempts to interview a few of the more than 10,000 Panamanians made homeless by the combat and by a deliberate policy of razing poorer neighborhoods. As she wanders through a refugee camp administered by the Panamanian Red Cross and the Panamanian government's Office for Disaster Assistance, Trent is halted by military police from the United States Southern Command. Though she had explicit permission from Panamanian authorities and from the camp's own governing council and though the United States had no legal jurisdiction over the area, Trent was being forcefully discouraged from compiling her record. What we see on camera, though, is how the Southern Command relaxed its demand when surrounded by hundreds of angry Panamanians. They wanted their story told, and Trent proceeds to tell it.

Invasion in Panama makes use of interviews with and statements by a wide range of personalities, including government officials, military leaders, journalists, academics and local civilians. One of its most striking devices is to juxtapose a fatuous contention with a contradicting image. "I have seen no reports of U.S. troops executing anyone in Panama," proclaims Pentagon spokesman Pete Williams, shortly after we see what seems to be precisely that. Williams insists that no houses were deliberately set on fire, despite the evidence presented to us on screen. General Maxwell Thurman estimates that a total of 500 Panamanians died in the entire operation, Guillermo Ford 450, while Panamanian Human Rights Commissioner Olga Melgia insists: "There were more than 4,000 people killed." While the camera is not a calculator, it does show what appear to be mass graves and at

the very least a picture of local catastrophe generally ignored by mainstream media intent on telling the story of tactical finesse and Washington vindication.

The operation in Panama was no just cause, insist the filmmakers. They present graphic evidence of deliberate provocations by U.S. troops within Panamanian territory designed to create an incident that would justify armed intervention. Washington's hidden agenda was to abrogate terms of the Carter/Torrijos Treaty, which calls for termination of U.S. bases in Panama after the year 2000, and to counter Bush's image as a wimp. Manuel Noriega, one of the CIA's best-paid clients, was suddenly demonized into a Canal Zone version of Muammar Qaddafi or Saddam Hussein. "I don't know how Americans could be so stupid to believe this," says Professor Jose Jesus Martinez about the official pretext for the invasion of his country.

IT IS PROBABLY IGNORANCE rather than stupidity that is most responsible for the fact that the public swallowed the whole affair without dyspepsia. It was not being told the full truth. *Invasion in Panama* is, if anything, less critical of the White House than of the mainstream media for collusion in a coverup. "To say 'coverup' is an understatement," states U.S. Rep. Charles Rangel, D-New York. *Invasion in Panama* cannot be accused of understatement. It attacks the networks, the wire services, and the major dailies for concentrating on the invasion as a tactical feat and for exclusive concern with Yanqui lives. Complaining that reporters were too chummy with their powerful sources, Jeff Cohen, of Fairness and Accuracy In Reporting, faults the coverage of the 45-day war for a "failure in the separation of press and state."

No one can accuse the Empowerment Project of being in bed with the state, or of sleeping in any other way. *Invasion in Panama* is meant to open eyes to the abuse of power, by the Bush administration, and to its abrogation, by the rest of us. Seeing might be believing only to those who already believe, but this film, which cannot count on being as widely distributed as were the versions it attacks, must be seen to release its power.

Ghetto Blasters

BY CARTER HARRIS

OUR MANUFACTURER and distributor do not condone or endorse the content of this recording, which they find violent, sexist, racist, and indecent." And so runs what may be the first disclaimer of its kind ever to grace the face of an album cover.

The words are courtesy of Geffen Records, which pulled out of a deal with Rick Rubin's Def American this year to distribute the latest album from The Geto Boys, a brazen four-man posse from the Fifth Ward of Houston, whose lyrics make those of Miami rappers 2 Live Crew seem like the soundtrack to *Sesame Street*. (According to Def American spokespeople, the disclaimer remained on the album because it had already been printed by the time Geffen pulled out.)

Geffen's president Ed Rosenblatt called it "the worst thing I've ever heard" and, citing possible connections between this kind of music and murder rates in America's largest cities, decided not to distribute the album. Yet Rosenblatt's moral discretion does not extend to his distribution of acts like the white heavy-metalers Danzig and Slayer, whose albums include such songs as "Criminally Insane" and "Altar of Sacrifice" — a fact that has critics wondering whether the Geto Boys' race was a factor.

In the wake of the recent prosecution of 2 Live Crew for obscenity and the closing of many concert venues to rap groups around the country, critics are calling the Geffen decision one more example of a widespread campaign of racism aimed at silencing the voices of young black rappers. It's the "latest round with white supremacy," said Public Enemy publicist Harry Allen of the Geffen incident.

And Geto Boys rapper and group member Bushwick Bill, speaking by phone from his home in Houston, adds: "Yeah, it's racist — you don't think they'd be doing this to no white artist, do you? Just look at Andrew Dice Clay or Guns 'n' Roses. On 'One in a Million' they say shit like, 'Niggers and cops get out my way.'"

Ironically, but not surprisingly, the attacks on rap have not silenced it but rather led to greater visibility and ultimately higher sales for a number of rap artists, like 2 Live Crew, which was a relatively unknown and little-respected group by the standards of most rap artists until the court case.

The realization that shock sells has led many rappers, who generally get little regular radio play anyway, to try riding the shortcut to success by making their music as blatantly obscene,

violent, or sexist as possible. The Geto Boys themselves hardened both their music and their image for this latest album and, although the Geffen decision not to distribute it may very well be racist, it has also garnered the group a lot of publicity.

Eighteen months ago the Geto Boys were a little-known rap act in Houston, whose first album, *Making Trouble*, included relatively tame cuts like "Ghetto Boys Will Rock You" — which sampled Queen's "We Will Rock You" — and "You Gotta Be Down," which actually encouraged listeners to turn crooks in to the police.

Ironically, but not surprisingly, the attacks on rap have not silenced it but rather led to greater visibility and ultimately higher sales for a number of rap artists.

Although the album featured a couple of harsh cuts as well, its tone and style was entirely different from their latest.

The current album, a harrowing mix of pressure-cooked beats and lyrical pornography replete with gratuitous acts of violence against "hos" and "niggas," the only inhabitants of the group's created world, serves up a no-one-spared batch of "gangsta" mash that has earned them the reputation of the harshest rap act to date. The album has sold 200,000 copies and made the Geto Boys one of the most controversial news items in rap, drawing criticism not only from right-wing groups like the Parents Music Resource center but also from rap critics and fans, including many sympathetic to other gangsta rap acts.

"The Geto Boys have no redeeming artistic value whatsoever," said rap deejay "Benny B" Nickleberry. And, in the December issue of the rap magazine *The Source*, publisher David Mays called the Geto Boys "a relatively harmless novelty act that goes to any and every length to be a blatantly violent and machoistic as possible."

By all accounts, the Geto Boys' sudden popularity has less to do with the maturation of their music or their staying power as talented musicians — qualities that have sustained other controversial rap acts like Public Enemy and Too Short — than with their ability to exploit the latest musical fashion. Though one can hardly knock them for their business sense, the result musically is an album heavy in sensationalism and light in substance.

The Geto Boys' transformation was aided by Def American president Rick Rubin, a shrewd

money-maker who appears to have his finger on the pulse of cultural consumption. In the case of the Geto Boys, whose recent album was actually a remake of an earlier version called *Grip It On That Other Level*, Rubin was as careful in helping to recraft their image as he was in re-engineering the music.

In addition to smoothing out the beats and mixing in some catchy electric piano riffs, two new cuts were added: "Fuck 'Em" — a seemingly forced I'm-an-angry-black-man-and-don't-give-a-fuck song — and "City Under Siege," the only seriously political song on the album.

The previous album jacket, printed in color with the four group members casually hangin' in the street (two with genuine smiles) was replaced by four separated, black-and-white mug shots featuring the meanest scowls the Boys could muster. Also, their name, formerly Ghetto Boys, was changed to the slang Geto Boys, apparently misspelled to play up the gangsta image.

Had all of this been part of the group's act from the beginning, it might not look so contrived now — but even so, their music would probably still smack of artificiality. What's lacking is the so-real-it-hurts-rage, which makes the songs of gangsta acts like NWA so powerfully alluring and repugnant at the same time.

Even when the Geto Boys' beats are at their dopest, pounding hard and steady through the bellows of rappers Willie Dee and Bushwick Bill — as in "Assassins" or "Mind of a Lunatic" — the seemingly forced extremity of the lyrics, detailing psychotic killing sprees, rape and graphic assassinations, undermines the very extremes one is supposed to experience in the best of gangsta rap.

Bushwick defends his rap, saying: "Those aren't things we do or support. We're just showing what's out there. Lines like that in 'Mind of a Lunatic' are about the things we see on the street and in movies — Freddy, Charles Manson, Jason."

But what's completely absent in the Geto Boys' songs is any critical viewpoint or alternative voice to justify the flood of violence. Even the worst horror movies sometimes include an element of parody, but with the Geto Boys there's no parody, no humor — nothing but scenes of cold, heartless brutality against victims whose total lack of development in the song leaves them more faceless than the stereotypical dumb blondes of the worst Hollywood cinema.

AT A TIME WHEN groups like the Geto Boys are investing in and reifying the gangsta image for profit, at least one rap artist who helped define that image is moving beyond it, expanding his artistic portfolio in increasingly creative ways.

Ice Cube, an integral member of NWA who

Carter Harris writes for the San Francisco Bay Guardian, where this story first appeared.

helped write hit tracks like "Gangsta Gangsta" and "Fuck tha Police" on the now-double-platinum album *Straight Outta Compton*, left the group last year after disputes with the band's manager. Since his departure he's released a platinum album and a gold EP and finished working on the Columbia Pictures movie *Boyz-n-the-hood*, now playing in theaters.

Twenty-one-years old and due to be a father in February, Oshea Jackson — Ice Cube's birth name — is cautious about his newfound success. "You can lose all this overnight," Cube says over the phone from his hotel in Birmingham, Alabama, the latest stop on a nationwide tour with Too Short.

"What's important is not to lose yourself. That's the one thing I can't do. I still live in a black community. I still know where I come from. Only now I can enjoy life a little more and help out my mother a little more."

Using the talents of Public Enemy's production unit, the New York-based Bomb Squad, to set the background music for his streetwise poetry, Cube's first record, *Amerikkka's Most Wanted* (which went platinum in three months), is one of the most powerful chronicles of the experience of young black men in contemporary America.

Like the work he did with NWA, *Amerikkka* is full of dramatic snippets of life in the gang-riddled streets of south-central Los Angeles, where Cube grew up. Cuts like "What They Hittin' Foe," "The Nigga Ya Love To Hate" and "The Drive-By" — punctuated by the sounds of gambling, gunshots, drug deals and brutal cops — reflect the best of Cube's masterful storytelling abilities. With a series of fresh beats dropping like bombs (the Squad is true to its name) among the machine-gunning of Cube's choleric voice, the result is a long way from being played out.

But what moves the new Cube beyond his work with NWA is that he's less concerned with inflating his own ego than with creating interesting rhyme-scapes. "I used to try to portray some kind of superhero, but you know that ain't what it's all about," Cube says now. "I've had to evolve with my music. I'm older than I was when I wrote the first thymes, and I see that the more you can get into the heart of your surroundings and the people that's buying your music, the more longevity you have."

Many of Cube's new songs have a uniquely personal mark, as in "Once Upon a Time in the Projects," where his naivete about a woman he's interested in leads to his arrest when the cops raid her house for drug-dealing. The details Cube sees — the runny nose, the smell of shit in the little one's pants, the 13-year-old pregnant sister — and the critical stance he takes toward the gangbanging brother and the mother's joint, all make the moments of his experience more credible and less glorified than is often the case in hardcore rap.

The release of his new EP this month, *Kill at Will*, which has already gone gold, is yet another

step ahead for Cube. In it he mixes some more consciously political (not politically conscious) material, while expanding on his newly crafted East/West style. The tape cover features Cube handing a gun out of the picture to the audience — a telling reversal of the image on the *Straight Outta Compton* album, where Eazy-E points the gun at the audience.

"If you look on the back you'll see a picture of me with the words 'Black Season,'" Cube says. "Every time the black community finds a voice, the establishment finds a way to silence it. Right now it's hunting season on black rappers. But even if they can silence the voice, however it might be expressed, they can't silence the idea, which will continue to rise up. Play the tape."

Besides remixes of "Endangered Species" — a hard-hitting political commentary on the status of black youth in America (featuring bass grooves from the ever-funky Parliament) — and "Get Off My Dick," he lays down four smokin' new cuts on *Kill at Will*. Perhaps the most striking is "Dead Homiez," a powerful rap eulogy inspired by the recent death of Cube's friend and dedicated to all his other "homiez" who have been lost to senseless gang-related killings. In the song, Cube's voice — toned down a bit from his usual roar — becomes one with the beat, crawling solemnly from the death of a partner to his funeral procession, documenting the emotions of each moment. Lines like "I reminisce about a brother who had to be the one and only" and "They say be strong and you're trying/How strong can you be when you see your pops crying?" typify Cube's willingness to express a range of feelings that gets lost in the rigid stereotyping of the ever-violent characters of Geto Boys' songs.

"I try to be as real as possible," he says. "How can you get to real people if you're not real? At some of these funerals I've seen the toughest guys in the neighborhood shed tears. That's real."

Another notable track, "The Product," done in the hard beat-for-word style for which Cube is best known, follows the doomed life of a ghetto kid from the womb to his incarceration 20 years later.

"'Product' talks about all those black kids who had the potential to be great but were destroyed by the system," Cube says. "It talks about the way in which a kid makes a mistake and instead of getting guidance or help he gets penalized or ignored. Pretty soon his mistakes add up and he's a man, sittin' in the penitentiary thinkin', 'Just because I didn't wanna learn your grammar you say I'm better off in the slammer.'"

Despite his successes, Cube is not without his detractors. People inside and outside the rap culture have charged that his music is excessively disrespectful of and degrading to women. They point to songs like "Get Off My Dick Nigga," "Tell Your Bitch To Come Here," and "Can't Fade Me" — where, worried about paying child support to the pregnant "neighborhood ho," he says: "I thought deep about giving up the moeny/

what I need to do is kick the bitch in the tummy" — which are hard to justify no matter how you view them.

Cube disagrees. "Each one of these songs has to be taken in their own context. Take the line in 'Can't Fade Me.' That was a case of me being backed against the wall. When you're backed against the wall you think weird thoughts.

"But nobody talks about the next line when I say" — here Cube breaks into his rap — "'No, cause I'd really get faded, that's murder one cause it was premeditated. So, what am I gonna do.' I didn't do it, even in the song. I thought it.

I told America what I was thinkin', and now they want to burn me at the stake."

TO CUBE'S CREDIT he does, unlike the Geto Boys, offer an alternative view in at least one of his songs. "It's a Man's World" stages a fiery debate between himself and the female rapper Yo-Yo, who forcefully challenges Cube's blatant sexism with the lines: "To me you're not a thriller/You come in the room with your three-inch killer ... without us your hand'll be your best friend.... So give us credit like you know you should/If we don't look good, you don't look good."

Asked whether gangsta rap will survive in the future and what his role in it might be, Cube pauses. "Gangsta?" he questions, sounding annoyed. A second later, he smooths back into a friendly tone: "I don't call it that. It's reality rap. It's talking about what's goin' on. And reality's not a fad.

"A lot of musicians are thinking now that if they use profanity or fill their songs with violence that their record will be a hit. They'll be the next Too Short or Ice Cube. But the audience is smarter. They're listening to what's said. So if you're saying 'fuck' or talking shit they're eventually gonna say, 'All right, we heard that before, now what do you got to say?' My new records are really more about the story and what's said there." □



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Sissy vs. the National Security State

BY STEVEN FENBERG

WHEN FEMINIST GLORIA Steinem nominated Sissy Farenthold for vice-president at the 1972 Democratic National Convention, she paid tribute to a legislator almost unknown outside Texas. "Sissy Farenthold put together a coalition of working people, Chicanos, blacks, middle class and young people and changed Texas in her governor's race," Steinem said. "Texas will never be the same again."

Sissy lost her 1972 bid for governor in the primary runoff against Dolph Briscoe, and she withdrew the nomination for veep after George McGovern selected Thomas Eagleton. But the impact she's had on Texas and the nation continues to reverberate. Many politicians credit her with opening the door that Gov. Ann Richards stepped through last November with her victory over Clayton Williams.

After her moment in the national spotlight, Farenthold took a lower profile position as president of a women's college. Nowadays her public visibility has diminished to the point that one might ask: Where's Sissy? What's she been doing?

The answers aren't far away. Farenthold resides in Houston, where she maintains a private legal practice. But as her political notoriety has diminished, the scope of her concerns seems to have expanded into the international arena. Call her Houston office, and more often than not an answering machine tapes inquiries directed to its absent owner. Farenthold has become a different sort of jet-setter, with fact-finding trips to Baghdad, San Salvador and Geneva. She now visits Austin and Washington, D.C., not as an elected official, but as a lobbyist for humanitarian legislation.

Farenthold may be enmeshed in politics, but she hasn't neglected the arts, particularly when they blend with politics. "I'm very enthusiastic about independent artists in Houston," she says. Sissy helped out with an artists' rally against censorship last year and regrets not having time to work on an anti-war artists' show recently. She sees the linkage of art and political protest as a longtime progressive tradition that needs revival on a national scale. "I've taken their material to Washington and Austin," she says.

Steven Fenberg is a writer living near Houston. A different version of this article appeared earlier in the Houston Press.

"I really think it's a prototype that can be used all over this country to bring artists, who are primarily missionaries, and activists together."

When she's in Houston, Farenthold stays busy at her legal office on the south edge of downtown. Her desk brims with an organized clutter of phone messages, newspaper clippings and memos on current and future projects. Her long black hair, so prominent in the early-'70s news photos, is now an ivory hue and clipped short.



FILE PHOTO

Frances "Sissy" Farenthold

Her genteel style and relaxed grace often disguise a forceful intellect and no-nonsense approach to the political process. "I stay constantly occupied," she says. "For instance, I worked long and hard on the Comprehensive Nuclear Test Ban Treaty and went down to [Houston] City Hall, hoping they'd take a stand. They didn't."

Farenthold says mayors from across the United States held a conference on the issue with the idea that money currently spent on nuclear test weapons research could be rerouted to help solve urban problems. She drew a blank look when she buttonholed Mayor Kathy Whitmire. "I spoke to the mayor about the nuclear test ban treaty, and she didn't know what it was." Well, no one's ever accused Kathy of having global vision.

The top issue on Sissy's current list of concerns

is reform of the National Security Act, which she believes has created a government apparatus more powerful than the officials we elect to office. Congress enacted the law during the Truman Administration after World War II; it created the Joint Chiefs of Staff of the military, the National Security Council and the Central Intelligence Agency. The act was supposed to provide better coordination between military and intelligence services; it may have been the first step toward a shadow government.

Farenthold says that renaming the Department of War as the Department of Defense was the first step in an Orwellian redefinition of terms and perceptions. The National Security Act also created the vehicles that Oliver North and crew would use to bypass Congress in the Iranian Arms deal and the secret war against Sandinista Nicaragua. While the act does not define covert action, the language of the legislation allows the NSC to designate whatever action is needed. Then the staff can carry out secret activities away from the purview of Congress and, according to Presidents Reagan and Bush, the administration itself. Farenthold is amazed that the law provides no definition of what constitutes national security.

There's no public debate about the topic even though our world is far less secure than when national security became our country's agenda. Forty-four years ago, nuclear weapons were novel. Now there are enough of these terrifying instruments of death to destroy the world a thousand times or more. Bombs made in the name of security are instead exposing tremendous portions of our population to radioactive contamination. Since national security became policy there's more crime, violence and fear than there was 44 years ago; more pollution and disease; more hunger, poverty and suffering both here and abroad; and less security about our ability to survive as a species.

What Lt. Col. Oliver North defined as national security, others see as an attempt to subvert the Constitution of the United States. Farenthold contends that the National Security Act now provides a serious threat to the democratic framework of American government itself. She accuses members of Congress of being afraid to speak out against the national security threat, and thinks the downfall of House Speaker Jim Wright may have been a warning to those considering a challenge. Farenthold suggested Wright set up a committee of people outside the intelligence community to take a look at the whole national

security apparatus. "He said, 'The CIA is a creature of Congress. We don't have to answer to the CIA; they answer to us.' Well, he lasted not very much longer after that." Wright resigned from Congress after being targeted for ethics violations.

Farenthold contends that the main power of Congress, the ability to control funding, is also being undermined by national security staff maneuvering. "The most devastating thing for our constitutional checks and balances is funding [of NSC covert ventures] by other countries," Sissy explains. "The power of the purse is obliterated when you have slush funds from countries financing operations the CIA wants in exchange for God-knows-what."

Foreign funds made it possible to supply Iran with weapons and aid the Contras. Farenthold says the outrage over Watergate and President Richard Nixon's coverup activities is strangely lacking from the current scene. Back then, a Senate committee headed by the late Frank Church also probed the CIA escapades in Chile and elsewhere. "Now there's nothing," laments Farenthold. "No outrage. It shows how the national security state has grown."

She says she constantly hears complaints from members of Congress about how the executive branch refuses to supply requested information. She has a quick reply. "Well, you're not an equal branch of government anymore." The national security apparatus has not only cowed Congress, contends Sissy. She believes it has also blinded the eyes of justice. "By and large," says Farenthold, "all the National Security Council has to say when something is taken to court is, 'It's a national security issue; the evidence can't be put on record.'"

Is there any way to trim the tangled branches of this sprawling national security apparatus?

Farenthold has thrown her energy and formidable lobbying skills behind legislation proposed by Sen. Daniel Moynihan, D-New York. It's entitled End of the Cold War Act of 1991, and would shine a light into the covert activities closet by transferring intelligence activities to the State Department from Defense and prohibiting the channeling or diversion of funds, both U.S. and foreign, to carry out activities for which United States assistance is prohibited. Perhaps the most important provision requires the administration to reveal budget outlays for the prior fiscal year for national and tactical intelligence activities. Currently, the CIA budget is secret and outside the bounds of accountability to the American people.

Farenthold spends her own money traveling to Washington to educate, inform and lobby Texas legislators on the Moynihan legislation. "I have focused on the national security state because I think it has corrupted what was, with all its flaws, a reasonable form of government that could work and bring justice for all," charges Farenthold. "I think there are two things we have lost in America: a positive vision of a better world and the sense of posterity."

Farenthold remains an optimist in the face of issues that would intimidate senators and presidents, much less one woman with only conscience, commitment and a legendary name as her calling card. Maybe it was for the best that Sissy lost the Texas governor's race and did not become the first woman vice-presidential candidate. This way she's free from the exigencies of survival that seem to temper the bravery and outrage of Washington politicians. Instead she's free to travel the world working for peace, justice and the environment. In a very real sense she's become the conscience for us all.

Sharp

Continued from page 6

the proposed tuition increases smack of hidden taxes, at least one other component of the Sharp plan threatens to take a bite out of the Texan wallets as well: namely, the elimination of a variety of tax discounts and an increase in license and fee costs.

Targeted to glean an additional \$836 million for the state treasury in the 1992-'93 biennium, Sharp's plan proposes eliminating eight different business tax discounts and increasing roughly 30 different fees and licenses. What that translates to, most likely, will be \$836 million more that Texas consumers will be paying out of pocket for things ranging from alcohol to clothing and from driver's licenses to park fees.

Currently, for instance, the state sales taxpayers are granted a .5 percent discount on regular tax payments if they file and pay their taxes on time. Sharp's plan would eliminate that discount, meaning the cost of consumer goods will likely rise. Likewise with gasoline and alcoholic beverage distributors and manufacturers, who currently are allowed to keep 2 percent of their taxes owed; cigarette distributors, on the other hand, currently receive a 2.75-percent discount on taxes owed.

It would be impossible to provide a synopsis of all, or even most, aspects of the Sharp plan here, but it may be instructive to end with a statement made in 1974 by political scientist Aaron Wildavsky and quoted in the Sharp tome: "A budget can be many things: a political act, a plan of work, a prediction, a source of enlightenment, a means of obfuscation, a mechanism of control, an escape from restrictions, a means of action, a brake on progress..." Can the Texas Legislature can tell the difference? □

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POLITICAL INTELLIGENCE

✓ **DO AS I SAY.** "Ironically, on the 200th anniversary of our Bill of Rights, we find free speech under assault throughout the United States, including on some college campuses." — George Bush, May 4, 1991.

"Pro-drug' teachers cannot be tolerated on campus." — Drug czar Bob Martinez, April 12, 1991.

✓ **GIVE TO THE RICH.** The news of Kevin Costner's support for U.S. Sen. Phil Gramm disturbed more than a few *Observer* readers, who requested the celluloid Robin Hood's address for some fan mail of a different nature. As we reported here in May, Costner contributed \$4,000 to the conservative Republican senator last year and is depicted alongside Gramm on a fundraising brochure urging readers to support the "Gramm in '96 Committee." The junior Texas senator has not announced what office he's planning to pursue, but has never made any secret of his desire to someday be President. To let Costner know what you think of his support for Gramm, write the actor at 4000 Warner's Blvd., Burbank CA 91522

✓ **ZAPPA-WATCH, PART 2.** Rock iconoclast Frank Zappa is forever moving farther away from his musical roots. The 50-year-old composer is through just walking the political sidelines and is considering running for president in 1992. A political independent who is never far from controversy, Zappa has garnered a good deal of political attention and respect over the years lobbying on behalf of voter registration, blasting censorship of recording artists and, unfortunately, favoring a national sales tax instead of a federal income tax. Zappa admits his chances of winning the election are slim, but he says he's fed up with both the Democrats and the Republicans spewing the same nonsense time and again.

✓ **ANOTHER FORMOSA MESS.** A hydrochloric acid leak from the Point Comfort Formosa Plastics Plant last week temporarily closed the facility, forced the evacuation of half a dozen area residents and shut off a seven-mile stretch of FM 1593. The plant hardly has a history of running a clean operation and the leak is just more fodder for Formosa Plastics opponents. Last October, the Environmental Protection Agency charged the plant with essentially, "op-

erating a hazardous waste dump without a permit," (See "Plastic Peril," *TO*, 5/17/91) and fined the company a record \$8.3 million. The Formosa facility finally agreed to pay a \$3.375 million regulatory violation this past February. The Taiwan-based corporation is seeking a permit to build a \$1.3 billion petrochemical operation at the Point Comfort site, which the company says will create approximately 1,500 jobs.

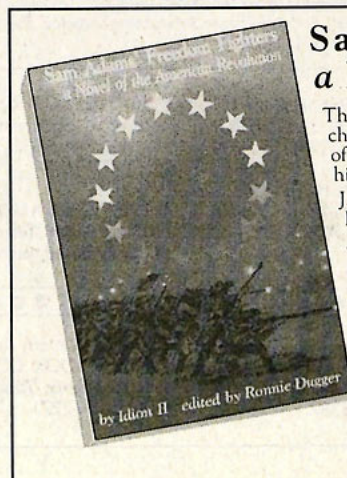
✓ **FLOWERS IN HER HAIR?** Caught up in the Desert Storm yellow-ribbon frenzy, Texas Public Utility Commissioner Marta Greytok urged her comrades in the National Association of Regulatory Commissioners (NARUC) to relocate their summer convention from San Francisco to Texas. Greytok, known for her prickly manner and anti-consumer positions on the PUC, found the City by the Bay unsuitable, because of San Francisco's decision to declare itself a "sanctuary for war objectors." The commissioner hailed her home state as an ideal convention spot. "As a state with one of the largest military populations in the United States it would only seem appropriate to come to Texas," wrote Greytok to NARUC President William A. Badger. And without a doubt, NARUC itself would receive a hero's welcome for making such a wise decision." The summer meeting will convene on schedule in San Francisco despite Greytok's pleadings.

✓ **WRIGHT FRAMED.** Former House Speaker Jim Wright returned to Washington D.C. this month to dedicate his official portrait, which

hangs in the House Speaker's lobby alongside the portraits of previous speakers. Wright resigned just two years ago after a three-decade career in Congress when the Fort Worth Democrat became the center of ethics violation inquiries. Friends and former colleagues praised and toasted Mr. Wright at the unveiling of his portrait. Rep. Jack Brooks, D-Beaumont, said, "I can't think of any other man who deserves and respects our honor more." Wright said of all the attention, "I know how a pancake feels when you pour syrup all over it." Wright selected Mississippi artist Marshall Bouldin III to paint the full-length likeness. Congress will pick up the \$25,000 tab.

✓ **ASLEEP AT THE TRIGGER.** Two U.S. senators were missing during the recent, past midnight, Senate rejection of an alternative to a mandatory waiting period prior to the purchase of a handgun, one of whom was staunch gun control opponent, Lloyd Bentsen. According to a Bentsen spokesman, the 70-year-old Texas Democrat was told there were no more votes planned that night and could not be reached for the early-morning vote because the senator had gone home, unplugged the telephone and fallen asleep. This was not the first time Bentsen's bedtime habit got in the way of important political stuff. Bentsen couldn't be reached when Massachusetts Gov. Michael Dukakis wanted the Senator to join him on the 1988 Democratic ticket as the vice presidential nominee.

— COMPILED BY MAYA HOLMES
Maya Holmes is an Observer editorial intern.



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