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**Subseries:** Chron File, 1989-1993

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**OA/ID Number:** 13662  
**Folder ID Number:** 13662-002

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**Folder Title:**  
Forum Club of Houston 3/16/89 [OA 6347]

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THE WHITE HOUSE

Office of the Press Secretary  
(Houston, Texas)

For Immediate Release

March 16, 1989

REMARKS BY THE PRESIDENT  
TO FORUM CLUB OF HOUSTON

George R. Brown Convention Center  
Houston, Texas

12:30 P.M. CST

THE PRESIDENT: Well, thank you all for that warm welcome back, and thank you, Dick, for the introduction, sir. I want to thank you and Dick Johnson for putting this little lunch together. I never saw such a wonderful crowd. They say that Texas is a state of mind, but it's still good to set both feet down on Texas earth and come back home to Houston.

And I'm very pleased to be here. This is my first trip back to the state since taking the oath of office some 55, 56 days ago. My mind raced back as I was coming in on beautiful Air Force One to about 29 years ago, approximately -- saw the Medical Center, and Barbara, I recall, was there awaiting the birth of our daughter, Dorothy. And now Barbara is not here. She's not expecting, but our dog is. (Laughter.) And I think her priorities may be slightly askewed, but she doesn't. (Laughter.)

But, in any event, I am pleased to be back at this Forum Club, which has really contributed so much to the public debate on the important issues of the day. And I am delighted that Bob Mosbacher is with me -- a past president of the Forum Club, now handling a difficult assignment there as Secretary of Commerce -- not surprisingly for those who know him, and that's most of the people in this room -- doing a superb job. And let me just say this -- it's nice to have a person at Commerce who understands first-hand what it means to have built a business, to take risks, who understands what -- that excessive regulation can be counterproductive in terms of job creation in this country. And also on a very personal side, it is very nice to have someone who you can kick your shoes off with and discuss the problems of the moment. So I'm delighted that he's here with us today, and you should all be proud of the job he is doing. (Applause.)

In addition to Dick O'Shields and Dick Johnson, I want to thank Judge Lindsey, Mayor Kathy Whitmeyer, and Lee Hogan for being here and welcoming me.

And I take great pride in what's happening here in Houston and, indeed, in our state. Houston has clearly turned the corner. I've looked at the statistics and they're impressive -- 280 new companies last month and nearly 90,000 new jobs in the area in the past two years, and the unemployment rate is almost half what it was just two years ago. And best of all, the new Houston is being built on a very broad economic base.

And I've come here to Texas to tell you that we're hard at work in Washington, we are making progress. By the way, I came to Houston to share that news with you because they already heard it out in Lubbock. (Laughter.)

We're working to drive down the deficit. We can, indeed, we must, but we can bring federal spending under control and into balance with our resources. And under our budget, we'll have \$80

MORE

billion in new revenue in 1990. You don't touch the tax structure, and you have \$80 billion more in revenues to the federal government. We can stay on track to meet these Gramm-Rudman targets -- and we can do it without raising the taxes on the working man and woman of this country. (Applause.) The key to building a better America is realistic, it's a realistic and workable budget, like the one we sent up to the Congress five weeks ago.

We're working now on a plan that will help developing nations cope with the burden of debt -- a solution that promotes growth and stability in world markets. And, frankly, it isn't just Latin America. Take a look at Africa; take a look at Eastern Europe. Other countries have staggering debt problems. And we of the United States have to take the lead, and, indeed, under the Brady ideas at the end of last week, we have stepped out to take the lead in trying to bring some solution to that very complex problem.

We're waging a war on drug abuse on every front, just gearing up now with our new drug czar in place. More effective education and awareness efforts to dry up the demand for illegal drugs, tougher law enforcement and interdiction to cut off suppliers and put the dealers behind bars where they belong.

It's not going to be done just by the federal government. I want to -- I might say parenthetically -- that I do want to find a solution to the so-called AK-47 assault weapon problem, one that protects the rights of the legitimate sportsman, but also protects the lives of our police officers who are laying their lives on the line for us every single day. (Applause.) But as I say, this problem isn't a problem just for the federal government. I know that some may know the phrase, "a thousand points of light." In Washington, one wag called it "a thousand pints of Lite," and I was a little -- took umbrage with that. But I'm going to keep talking about "a thousand points of light" because it is this spirit, volunteer spirit of American helping American that really has the most to do about solving this drug problem. And I salute Houston, with Houston Crackdown, a program that is such an effort of elected officials joining leaders in the community and education and labor and business and whatever to do something about this.

Another problem, we're working to establish a six-month training wage as part of a package that raises the minimum wage from \$3.35 to \$4.25 an hour. And let me be clear and send this message to those members of Congress that might be tuned in, \$4.25 is my first, and last, offer. There will be no compromise on that figure. Anything higher will actually cost jobs by raising costs for many employers and will have an adverse affect on inflation and on productivity. A training wage does just the opposite. It provides the now jobless, especially youth and minorities, a chance, a hand-hold on the economic ladder, a means of moving up.

And we're working on a serious problem that Texans are aware of -- the threat to our financial system that's posed by insolvent savings and loans. Less than three weeks after taking office, we were faced with the enormity of this problem, and I announced a comprehensive set of proposals to take effective action on this problem. And we must clean up the S&L system so that the questionable practices and the outright illegalities that caused the current crisis will never happen again.

Nationwide, insolvent S&Ls still in operation are incurring operating losses at a rate of about \$300 million a month -- that's almost \$1 million during the course of this lunch. And if I speak too long, you can make that \$2 million during the course of this lunch. It's a very serious problem. Some of these S&L, the innocent victims, have changed economic times, but some an outright violation of the norms of reasonable behavior. Three weeks ago, I sent the Congress a bill that will enable us to take action to halt the dollar drain and move forward on stabilizing our savings and loan system. It is a sound and comprehensive plan, it has been well

received, and I want to see that bill passed with its central provisions intact within the 45-day timeframe which I have challenged Congress to act upon. And there's no excuse for delay. (Applause.)

Once the legislation is enacted, we must turn our attention to careful and responsible handling of the assets of the failed S&Ls. Let me be clear on a key point -- insured depositors -- those across our great state and across this country whose deposits are insured are not at risk. They are fully protected and will continue to be fully protected by federal guarantees. Our solution must ensure the least possible disruption to local markets and, at the same time, keep costs to a minimum. And let me say clearly, we must see to it that those S&L officials guilty of criminal actions are pursued and punished for the losses that they've caused.

These are serious challenges -- ticking time bombs that we need to defuse without delay. And we're trying to do just exactly that. These are by no means the only issues that demand leadership and prompt action. We're entering the 1990s, a horizon decade, threshold to a whole new century.

For people my age, and for people a good deal younger, the 21st century has been the place in our minds that we put all the fantastic ideas, all the discoveries and inventions we couldn't dream of experiencing in our own time. The 21st century was just another name for a future that seemed as distant as a voyage to the moon. Here in Houston, we have a better sense of how we can cover that distance and transform a distant future into our destiny.

The truth is the 21st century isn't far away at all. I graduated from school in the class of 1942. Our first graders today will be the class of 2000. The 21st century is here -- in our kids. The essential question today -- what are we doing to prepare for the new world that begins 11 short years from now? And that's what my agenda is all about. Building a better America means laying the foundations today for the kind of future that we want.

Preparing for our future means investment -- in our economy and in our schools. It means safeguarding the environment against short-sighted actions that do long-term damage. It means finding ways to preserve and strengthen indispensable institutions like the family in the midst of social change. As I look at the fabric of society, and then look at the instability of family relationships, I see a real threat to our future. And so a President -- this President, at least, should have everything he does be guided by how do we strengthen the American family, or put it in reverse -- how do we keep from weakening the fabric of our society that is represented by the family. (Applause.)

Preparing our future means taking a long-range look at the international landscape to determine what policies and approaches will keep us free, prosperous and at peace in the 21st century, as we are today. And speaking of freedom, it means formulating a multisource energy policy -- multisource energy policy -- that, in the long run, will make us less dependent on the will of countries halfway around the world. (Applause.)

These aren't minor matters or unimportant issues. These are concerns that will determine what kind of world we live in and whether we as a people live up to our American ideals. And they're at the center of my agenda for the new American Century.

To prepare for the future, we've got to invest in our economy. We've got to create incentives for new investment and aggressive R&D programs that are catalysts to technological advance. And I have called for a permanent R&E -- research and experimentation -- tax credit to create that incentive and a 13 percent increase in federally funded science research.

We've got to cut the capital gains tax -- and I've asked

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the Congress to join with me on this -- to spur the entrepreneurial activity that means new products, new industries and new jobs. (Applause.) I've been hit in the political arena on this one, saying this is a tax cut for the rich. No such thing. It is opportunity and hope for those that want a job and don't have a job. And that's what this capital gains tax differential will do, if we can get the Congress to promptly move forward.

Free enterprise is the engine of growth that can lead us into the next century. And it's up to the government to maintain a climate that is hospitable to growth, competitiveness, productive investment, one that gives free enterprise as much free rein as possible. And by the way, that capital gains tax differential I talked about will bring in, in one year alone -- estimate of the Department of the Treasury -- will bring in in one year alone, \$4.8 billion dollars more in new revenue if we go forward and enact what I am calling on the Congress to do.

To prepare for the future, we must protect our environment. Whether we're talking about the disposal of nuclear or other hazardous wastes, or the discharge of CFCs into our atmosphere, the United States, on our own and more and more in concert with other nations, must make a clean environment a top priority. And what I've done so far is show that this isn't talk -- we are taking action, and incidentally -- maybe some of you saw it -- this morning I talked to the astronauts -- the Discovery group up there in outer space, and the need to act -- for us to all act on the environment -- was brought home to me again today when in the Oval Office I found myself talking to that space ship and hearing from the crew that from their very special vantage point, looking down on planet Earth, the need was very clear to those five people that we must protect the global environment. (Applause.)

To prepare for the future, we must encourage and improve education. We must recognize and reward excellence in education -- in our schools, our teachers, our students. My merit proposals for teachers, schools, and our nation's best young science scholars will reward the best and encourage others then to follow their example. Our National Science Scholarships alone will provide 570 top students up to \$10,000 a year to attend the college of their choice.

And we can also strengthen our schools by introducing an element of competition into education. Magnet schools give parents and students the power to choose their schools and that will serve as a powerful incentive for schools to improve their performance. This has been tested and tried, and it works. And that's why I've urged Congress to provide \$100 million to help with the startup costs for new magnet schools.

Preparing for the future means confronting the changing nature of our society. What are we doing in the age of the single parent and the two-career household to help the family survive and prosper? I've called on Congress to adopt a set of child care initiatives aimed at strengthening the American family, giving parents a choice. I don't want to regulate grandmothers. I don't want to regulate things from Washington so that church groups can't get together and provide day care service. I don't want the regulators to push the churches and the private groups out of the child care business. We must preserve choice for the parents and diversity so that the kids can go and be in these child care centers that their parents want them to be in. Our 1990 budget requests a 20 percent increase in the funding of the very successful Head Start program and institutes this child care tax credit that I referred to for low-income households to make balancing the responsibilities of work and family less difficult.

But let me just parenthetically mention a problem. I sent a bill to the Congress yesterday with choice intact. It's a beginning. It can fit into a very tough budget on the spending side, and I think the initial year proposal is, say, a quarter of a billion

dollars, and the very day that that goes up there, the Congress -- one of the committees over there on the Senate side comes out -- or the House side -- can't remember which -- comes out with a budget ten times that much for the first year. And then they say what are we going to do about getting the deficit under control? You've got to have some -- we've got to have some discipline in the Congress if we're going to meet the deficit needs and still start to provide the needs for the child care and other social causes that do -- should really have a command on our resources.

To prepare for the future, we've got to map a national security strategy that ensures our freedom and gives due weight to each factor of change in the international scene. And that's the aim of this series of these defense and policy reviews that I've instructed my national security team to conduct. And some are saying you'd better hurry up. You don't want Mr. Gorbachev to capture the high ground with his speech at the United Nations, don't want him to mold public opinion further in Europe. Far more important is that we do a prudent review of our foreign policy, of our national security requirements, and then, in concert with our allies, move forward. We are prepared to lead this alliance, as the United States has in the past, but I am not going to be pushed into speedy action because Mr. Gorbachev gives a compelling speech at the United Nations, and I hope the Soviets understand that. (Applause.)

So this is an American agenda for the long-term, and we aren't going to clean up the environment, turn our education system around, or create a more responsive business climate in one single day. But, if we begin today and make steady progress, we will succeed.

And in this kind of work, more is going on than meets the eye -- or makes the headlines. The proof will come when we look back from the year 2000. And I'm confident we will be able to look back with pride on work we did to get ready for a new century -- provided we look forward today. We must enter the 21st century as a strong and trusted partner in the alliance of free nations and a front-line leader in defense of freedom.

We must enter the 21st century as a productive, energetic and innovative member of the global economy, second to none in the technological competition that will determine economic leadership in the decades ahead.

We must enter the 21st century as a nation whose people enjoy freedom, opportunity, and equality of life that fulfills the American promise -- a society that draws its strength from the individual, the family, the community, and a government wise enough to respect those institutions as the cornerstone of our democratic system.

We've got work to do -- work that won't wait -- great work to ensure that the next century now on the horizon will be the American Century.

Thank you all very much. It's a great pleasure to be back, and I'll be glad to take a few questions. Thank you very much. (Applause.)

Q First off, of considerable interest is the topic of natural gas decontrol. Congress seems to be looking at this question again and, although it's been talked about much for several years, do you expect action this year and will you actively work toward that goal?

THE PRESIDENT: I am strongly for it. I've made this very clear to the Congress. There is a bill, I believe, being marked up on the House side right now. I think it has the best chance in -- certainly in the last 20 years to get passed. And the administration will send no confusing signals on this one. I believe it is in our

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national security interest, as well as in the interest of freeing up markets that I've talked about here earlier on, so it will be priority. And I have a feeling that it is more apt to happen than anytime since -- well, certainly in the last eight years that we've watched it and followed it and run into snags. But I'm for it. The administration is solid behind it. And the climate in Congress is much better today for this.

And some of it is environmental, and much of it is that people now realize we are becoming more and more dependent on foreign oil -- it's getting close to 50 percent now. And most people, even if they don't come from an oil-producing state or a hydrocarbon-producing state, understand that that is not in the national interest of the United States. So I'm optimistic about it.

Q Mr. President, could you comment on your feelings about the future of NASA, particularly with respect to the space station and a manned mission to Mars by the end of this century.

THE PRESIDENT: On the space station, I am strongly for it. We have made -- taken the steps budget-wise to go forward on that. I have not reached a conclusion on whether the next major mission should be a manned mission to Mars, and so I'd have to say that is -- it's not on hold, but we're asking the space council that has been reconstituted or constituted now, to go -- come forward with its recommendations.

The Vice President's chairing it. He'll be in Houston in about two weeks from now. So no decision is made what happens beyond the space station itself. And I will make that decision when I get their recommendations. And I would have to say this as a word of caution -- even though we've increased or requested that NASA's budget be increased, there are constrained resources that I have to deal with as President, and so I can't pledge instant commissioning of this follow-on mission to Mars.

Q Is the increased attention being given to the private lives of public officials and candidates a good thing or a bad thing for politics and government in this country?

THE PRESIDENT: Well, it's a -- I think there are excesses. I think there are intrusions into people's private lives that go beyond the public trust or go beyond one's ability to serve. And I don't like the excesses.

And I think you all here know how I feel about the recent proceedings regarding Senator Tower -- didn't like that because I think it was unfair. I don't think it is fair to a man who has been in public life and has served his country with honor to be tried by perception and rumor. That is not the American way. (Applause.) And people say to me, well, didn't it drag your administration down to stand with Senator Tower? The answer is no, and I'm very pleased the Senate Committee moved this morning on our new nominee, Dick Cheney. But the answer is, I wasn't about to move away from John Tower. People are entitled to fair play. They are entitled to have the rumor laid aside and people to make up decisions based on fact, not perception. And so whether it damages me five percentage points or ten, doesn't matter. (Applause.)

I think it is proper to have full disclosure, particularly on financial conflicts of interest. We've just received a report from a non-partisan ethics commission with Griffin Bell and Judge Malcolm Wilkey of Houston as a matter of fact -- it's chairman. There's some good recommendations in there. I want to have the highest possible ethical standards, but I think in some areas most people realize that we may have gone too far in terms of the intrusion on people's private lives.

Q Mr. President, we have time for one additional question. Would you discuss the future of the 600-ship U.S. Navy?

Will we continue to rely on submarine-based nuclear defense?

THE PRESIDENT: Well, submarine-based nuclear defense is and will continue to be a very important part of our deterrent. There's no question about that. There is nothing going on in the field of arms control thinking that would convince me to have anything other than to preserve our technology and our ability to deter war through preserving, strengthening that kind of defense.

In terms of the 600-ship Navy, it's a goal. I've been for it, will continue to be for it. But I have to defer now to this budget review and strategic review and administrative review that I've tasked the Defense Department to come up with. And it's serious business. They will report back soon, and then we'll have to make our budget choices. And so I would have to defer answering how much more will be done on a 600-ship Navy within the next budget cycle. But as a goal, as an objective, I am for that. I believe naval power is a significant deterrent to aggression.

I might say this inasmuch as that's the last question. We've got 11 grandchildren, and I expect, looking at the age lines on some of the men around here -- notice that one -- some of you may have some grandchildren. When you get to be President, one of the main concerns you have has got to be how do you feel about world peace. What can you do to strengthen it? Are you optimistic or pessimistic about the world moving away from confrontation towards more peaceful resolution of problems?

We're in the process of reviews, as I said, and I've met Mr. Gorbachev several times. I am convinced that I can say to our 11 grandchildren we have a real opportunity now to make this year 2000 and beyond that I was talking about more peaceful. The changes in the Soviet Union are profound. Gorbachev himself will tell you when you ask him about perestroika -- he said it'll never go back to the way it was. Changes in China are profound. Barbara and I are just back from there. It will never go back to the days when the Soviet Union and China were in lock-step together.

But we're facing a challenge in the United States. We've got to figure it out. We've got to measure Soviet intentions and then move -- then come forward with proposals that will enhance the peace for our kids and our grandkids.

But I wanted to leave you, my neighbors and friends, with this thought: There is reason to be optimistic because of the changes inside the Soviet Union and some of the changes that you're seeing surface now in Eastern Europe. And you saw the relief of regional tensions in Angola. Hopefully it will come to be brought to bear in Central America. So I would say to you, my friends and neighbors, if we do it right, if we keep strong and are not naive in it, if we don't make drastic cuts in the security accounts of this country, I think all of us can look forward over that horizon to a much more peaceful world with the United States still in the forefront of what's right for democracy and freedom.

Thank you all very, very much. (Applause.)

END

1:05 P.M. CST

Dick O'Shields - intro  
chairman of Forum Club

(McGroarty/Simon)

March 14, 1989

7:30 pm

Spence

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PRESIDENTIAL REMARKS: THE FORUM CLUB OF HOUSTON  
HOUSTON, TEXAS  
THURSDAY, MARCH 16, 1989

Thank you!... They say that Texas is a state of mind, but  
it's still good to set both feet down on Texas earth, to come  
home to Houston. *must thank you and Dick Johnson for putting this little luncheon together.*

I take great pride in what is happening here. After  
difficult times, Houston has turned the corner. I've checked the  
statistics, and they're impressive: <sup>280</sup> 250 new companies each  
month, nearly 90,000 new jobs in the area in the past two years,  
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years ago. And best of all, the new Houston is being built upon  
a broad economic base.

And I am pleased to be back at the Forum Club, which has  
contributed so much to public debate on the important issues of  
the day. While Jim Baker was unable to make the trip, I have  
brought along Bob Mosbacher, past president of the Forum Club,  
now handling the tough assignment at Commerce.

I've come home to Texas to tell you we're hard at work in  
Washington -- and we're making progress. ((By the way, I came to  
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Kathy Whitman - mayor  
Dick Johnson - pres. of Forum Club

*at Ballenger  
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And we're working hard on a serious problem all Texans are aware of -- the threat to our financial system posed by insolvent savings and loans. Less than three weeks after taking office, I announced a comprehensive set of proposals to take effective action on this problem. We must clean up the S&L system, so that

the questionable practices and outright illegalities that caused the current crisis won't happen again.

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Once the legislation is enacted, we must turn our attention to careful and responsible handling of the assets of ~~filed~~<sup>failed</sup> S&Ls -- and to the complete protection of their depositors. Our solution must ensure the least possible disruption to local markets -- <sup>and</sup> at the same time ~~it keeps~~ costs to a minimum. And let me say clearly: we must see to it that those S&L officials guilty of criminal actions are pursued and punished for the losses they have caused.

These are serious challenges -- ticking time bombs that we need to defuse without delay. And we're doing just that.

But these are by no means the only issues that demand leadership and prompt action. Leadership is more than crisis-management. It's more than dealing with the problems of the day -- no matter how urgent they are.

The true test of leadership is knowing where to take the country -- and taking the steps today to get us there.

That's working for the long term, for a payoff we won't see today or tomorrow -- but ten and twenty years from now.

For people my age -- and for people a good deal younger -- the 21st Century has been the place <sup>in our minds that</sup> we put all the fantastic ideas, all the discoveries and inventions we couldn't dream of experiencing in our own time. "The 21st Century" was just another name for a future that seemed as distant as a voyage to the moon.

Here in Houston, we have a better sense of how we can cover that distance, and transform a distant future into our destiny.

*Looking Forward  
p. 30*  
The truth is, the 21st Century isn't far away at all. I graduated from high school in the Class of '42. Our first graders today will be the class of 2000.

The 21st Century is here. The essential question today is: what are we doing to prepare for the new world that begins eleven short years from now?

That's what my agenda is all about.

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Preparing for our future means investment -- in our economy and in our schools. It means safeguarding the environment against short-sighted actions that do long-term damage. It means finding ways to preserve and strengthen indispensable institutions like the family in the midst of social change. It

means taking a long-range look at the international landscape, to determine what policies and approaches will keep us free, prosperous and at peace in the 21st Century, as we are today.

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These are concerns that will determine what kind of world we live in -- and whether we as a people live up to our American ideals.

And they're at the center of my agenda for a new American Century.

To prepare for the future, we've got to invest in our economy: We've got to create incentives for new investment, and aggressive R&D programs that are catalysts to technological advance. I've called for a permanent R & E -- research and experimentation -- tax credit to create that incentive and a 13% increase in federally funded science research.

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other nations -- must make a clean environment a top priority. And what I've done so far shows this isn't just talk -- I'm taking action.

To prepare for the future, we must encourage and improve education. We must recognize and reward excellence in education -- in our schools, our teachers, our students. My merit proposals -- for teachers, schools, and our nation's best young science scholars -- will reward the best, and encourage others to follow their example. Our National Science Scholarships alone will provide 570 top students up to \$10,000 a year to attend the college of their choice.

BBA  
p. 50-55

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p. 56  
BBA

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p. 104

BBA  
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Head Start program, and institutes a new Child Care Tax Credit for low-income families.

And, of course, to prepare for the future, we've got to map a national security strategy that ensures our freedom, and gives due weight to each factor of change in international scene. That's the aim of the series of defense and foreign policy reviews I've instructed my national security team to conduct.

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-- We can enter the 21st century as a productive, energetic and innovative member of the global economy, second to none in the technological competition that will determine economic leadership in the decades ahead.

-- We can enter the 21st century as a nation whose people enjoy freedom, opportunity, and a quality of life that fulfills the

American promise -- a society that draws its strength from the individual, the family, the community, and a government wise enough to respect those institutions as the cornerstone of our democratic system.

We've got work to do -- work that won't wait -- great work to ensure that the next century now on the horizon will be a new American Century.

Thank you. ((Now unless that was all  
# # #  
perfectly clear to you, I'll bet you have  
some questions.))

(McGroarty/Simon)  
March 14, 1989  
7:30 pm

PRESIDENTIAL REMARKS: THE FORUM CLUB OF HOUSTON  
HOUSTON, TEXAS  
THURSDAY, MARCH 16, 1989

Thank you.... They say that Texas is a state of mind, but it's still good to set both feet down on Texas earth, to come home to Houston.

I take great pride in what is happening here. After difficult times, Houston has turned the corner. I've checked the statistics, and they're impressive: 250 new companies each month, nearly 90,000 new jobs in the area in the past two years, and your unemployment rate is almost half what it was just two years ago. And best of all, the new Houston is being built upon a broad economic base.

And I am pleased to be back at the Forum Club, which has contributed so much to public debate on the important issues of the day. While Jim Baker was unable to make the trip, I have brought along Bob Mosbacher, past president of the Forum Club, now handling the tough assignment at Commerce.

I've come home to Texas to tell you we're hard at work in Washington -- and we're making progress. ((By the way, I came to Houston to share the good news with you because they've already heard it in Lubbock.))

We're working to drive down the deficit. We can bring federal spending under control -- and into balance with our resources. We can stay on track to meet the Gramm-Rudman target -- and we can do it with no new taxes.

The key to building a better America is a realistic and workable budget, like the one I sent to Congress seven weeks ago.

We're working now on a plan that will help developing nations cope with the burden of debt -- a solution that promotes growth and stability in world markets.

We're waging a war on drug-abuse on every front: more effective education and awareness efforts to dry up demand for illegal drugs, and tougher law enforcement and interdiction to cut off suppliers, and put the dealers behind bars -- where they belong.

We're working to establish a six-month training wage, as part of a package raising the minimum wage to \$4.25 an hour. \$4.25 is my first -- and last -- offer. Anything higher will actually cost us jobs, by raising costs to many employers. A training wage does just the opposite -- providing those now jobless -- especially for youth and minorities -- a hand-hold on the economic ladder, and a means of moving up.

And we're working hard on a serious problem all Texans are aware of -- the threat to our financial system posed by insolvent savings and loans. Less than three weeks after taking office, I announced a comprehensive set of proposals to take effective action on this problem. We must clean up the S&L system, so that

the questionable practices and outright illegalities that caused the current crisis won't happen again.

*Breeden*  
12:30  
3/15

Nationwide, insolvent S&Ls still in operation, <sup>are</sup> incurring operating losses at a rate of <sup>about 300</sup> ~~more than \$300~~ million a month -- that's <sup>more than \$2</sup> ~~about \$2~~ million dollars during the course of this luncheon. Three weeks ago, I sent the Congress a bill that will enable us to take action to halt the dollar drain, and move forward on stabilizing our S&L system. It's a sound and comprehensive plan. I want to see that bill passed with its central provisions intact. There's no excuse for further delay.

Once the legislation is enacted, we must turn our attention to careful and responsible handling of the assets of filed S&Ls -- and to the complete protection of their depositors. Our solution must ensure the least possible disruption to local markets -- at the same time it keeps costs to a minimum. And let me say clearly: we must see to it that those S&L officials guilty of criminal actions are pursued and punished for the losses they have caused.

These are serious challenges -- ticking time bombs that we need to defuse without delay. And we're doing just that.

But these are by no means the only issues that demand leadership and prompt action. Leadership is more than crisis-management. It's more than dealing with the problems of the day -- no matter how urgent they are.

The true test of leadership is knowing where to take the country -- and taking the steps today to get us there.

That's working for the long term, for a payoff we won't see today or tomorrow -- but ten and twenty years from now.

For people my age -- and for people a good deal younger -- the 21st Century has been the place we put all the fantastic ideas, all the discoveries and inventions we couldn't dream of experiencing in our own time. "The 21st Century" was just another name for a future that seemed as distant as a voyage to the moon.

Here in Houston, we have a better sense of how we can cover that distance, and transform a distant future into our destiny.

The truth is, the 21st Century isn't far away at all. I graduated from high school in the Class of '42. Our first graders today will be the class of 2000.

The 21st Century is here. The essential question today is: what are we doing to prepare for the new world that begins eleven short years from now?

That's what my agenda is all about.

Building a better America means laying the foundations today for the kind of future we want.

Preparing for our future means investment -- in our economy and in our schools. It means safeguarding the environment against short-sighted actions that do long-term damage. It means finding ways to preserve and strengthen indispensable institutions like the family in the midst of social change. It

means taking a long-range look at the international landscape, to determine what policies and approaches will keep us free, prosperous and at peace in the 21st Century, as we are today.

These aren't minor matters or unimportant issues.

These are concerns that will determine what kind of world we live in -- and whether we as a people live up to our American ideals.

And they're at the center of my agenda for a new American Century.

To prepare for the future, we've got to invest in our economy: We've got to create incentives for new investment, and aggressive R&D programs that are catalysts to technological advance. I've called for a permanent R & E -- research and experimentation -- tax credit to create that incentive and a 13% increase in federally funded science research.

We've got to cut the capital gains tax -- and I've asked the Congress to join with me on this -- to spur the entrepreneurial activity that means new products, new industries and new jobs. Free enterprise is the engine of growth that can lead us into the next century. It's up to government to maintain a climate that is hospitable to growth, competitiveness and productive investment, one that gives free enterprise free rein.

To prepare for the future, we've got to protect our environment. Whether we're talking about the disposal of nuclear or other hazardous wastes, or the discharge of CFCs into our atmosphere, the United States -- on our own and in concert with

other nations -- must make a clean environment a top priority. And what I've done so far shows this isn't just talk -- I'm taking action.

To prepare for the future, we must encourage and improve education. We must recognize and reward excellence in education -- in our schools, our teachers, our students. My merit proposals -- for teachers, schools, and our nation's best young science scholars -- will reward the best, and encourage others to follow their example. Our National Science Scholarships alone will provide 570 top students up to \$10,000 a year to attend the college of their choice.

We can also strengthen our schools by introducing an element of competition into education. Magnet schools give parents and students the power to choose their schools, and that will serve as a powerful incentive for schools to improve their performance. That's why I've urged Congress to provide \$100 million to help with the start-up costs for new magnet schools.

Preparing for the future means confronting the changing nature of our society. What are we doing in the age of the single-parent and the two-career household to help the family survive and prosper?

I've called on Congress to adopt a set of child care initiatives aimed at strengthening the American family -- especially low-income working households, where balancing the responsibilities of work and family proves most difficult. Our 1990 budget requests a 20% increase in funding for our successful

Head Start program, and institutes a new Child Care Tax Credit for low-income families.

And, of course, to prepare for the future, we've got to map a national security strategy that ensures our freedom, and gives due weight to each factor of change in international scene. That's the aim of the series of defense and foreign policy reviews I've instructed my national security team to conduct.

This is an American agenda for the long-term. We aren't going to clean up the environment, turn our education system around, or create a more responsive business climate in a single day. But if we begin today, and make steady progress, we will succeed.

In this kind of work, more is going on than meets the eye -- or makes the headlines. The proof will come when we look back from the year 2000. And I'm confident that we will be able to look back with pride on work we did to get ready for a new Century -- provided we look forward today.

-- We can enter the 21st century as a strong and trusted partner in the alliance of free nations, a front-line leader in defense of freedom.

-- We can enter the 21st century as a productive, energetic and innovative member of the global economy, second to none in the technological competition that will determine economic leadership in the decades ahead.

-- We can enter the 21st century as a nation whose people enjoy freedom, opportunity, and a quality of life that fulfills the

American promise -- a society that draws its strength from the individual, the family, the community, and a government wise enough to respect those institutions as the cornerstone of our democratic system.

We've got work to do -- work that won't wait -- great work to ensure that the next century now on the horizon will be a new American Century.

Thank you.

# # #

(McGroarty/Simon)

March 13, 1989

12:00 noon

PRESIDENTIAL REMARKS: THE FORUM CLUB OF HOUSTON  
HOUSTON, TEXAS  
THURSDAY, MARCH 16, 1989

Thank you.... They say that Texas is a state of mind, but it's still good to set both feet down on Texas earth, to come home to Houston.

I take great pride in what is happening here. After difficult times, Houston has turned the corner. I've checked the statistics, and they're impressive: 250 new companies each month, 95,000 new jobs in the area in the past two years, and your unemployment rate is less than half what it was just ~~three~~ two years ago. And best of all, the new Houston is being built upon a broad economic base.

And I am especially pleased to be back at the Forum Club, which has contributed so much to public debate on the important issues of the day. ((By the way, I came to Houston to share the good news with you because they've already heard it to Lubbock.))

I've come to Texas to tell you we're hard at work in Washington -- and we're making progress.

We're working to drive down the deficit. We can bring federal spending under control -- and into balance with our resources. We can stay on track to meet the Gramm-Rudman target -- and we can do it with no new taxes.

h

BLS 523-1002  
BLS 523-1002  
12.9% in 4/86  
5.4% in 12/88

See Forum Club list in file

OMB  
 The key is a realistic and workable budget, like the one I sent to Congress seven weeks ago -- the one that even the Congressional Budget Office now says will meet the Gramm-Rudman target. *range*

We're working to clean up insolvent savings and loans -- and to clean up the S&L system, so that the questionable practices and outright illegalities that caused the current crisis won't happen again.

We're working now on a plan that will help developing nations cope with the burden of debt -- a solution that promotes growth and stability in world markets.

And we're waging the war on drug-abuse on every front: more effective education and awareness efforts to dry up demand for illegal drugs, and tougher law enforcement and interdiction to cut off suppliers, and put the dealers behind bars -- where they belong.

These are serious challenges -- ticking time bombs that we need to defuse without delay. And we're doing just that.

But these are by no means the only issues that demand leadership and prompt action. Leadership is more *that than* crisis-management. It's more than dealing with the problems of the day -- no matter how urgent they are. X

The true test of leadership is knowing where we want to take the country -- and taking the steps today to get us there.

That's working for the long term, for a payoff we won't see today or tomorrow -- but ten and twenty years from now.

For people my age -- and for people a good deal younger -- the 21st Century has been the place <sup>in our minds without</sup> we put all the fantastic ideas, all the discoveries and inventions we couldn't dream of experiencing in our own time. "The 21st Century" was just another name for a future that seemed as distant as a voyage to the moon.



Here in Houston, you have a better sense of how we can cover that distance, and transform a distant future into our destiny.

Looking Forward  
P. 30  
The truth is, the 21st Century isn't far away at all. I graduated in the Class of '42. Our first graders today will be the class of 2000.

The 21st Century is <sup>almost</sup> here. The question is what we are doing today to prepare ourselves for the new world that begins <sup>eleven</sup> short years from now.

2000  
-1989  
11



That's what my agenda is all about.

Building a better America means taking the the necessary steps today to build the foundations for the kind of future we want.

Preparing for our future means investment -- in our economy and in our schools. It means safeguarding the environment against short-sighted actions that do long-term damage. It means finding ways to preserve and strengthen indispensable institutions like the family in the midst of social change. It means taking a long-range look at the international landscape, to determine what policies and approaches will keep us free, prosperous and at peace in the 21st Century, as we are today.

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These are concerns that will determine what kind of world we live in -- and whether we as a people live up to our American ideals.

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To prepare for the future, we've got to protect our environment. Whether we're talking about the disposal of nuclear or other hazardous wastes, or the discharge of CFCs into our atmosphere, the United States -- on our own and in concert with other nations -- must make a clean environment a priority. And what I've done so far shows this isn't just talk -- I'm taking action.

To prepare for the future, we've got to focus on education. We've got to recognize and reward excellence in education -- in our schools, our teachers, our students. My merit proposals -- for teachers, schools, and our nation's best young science

*Building  
a Better  
America  
p. 50-55*

5

scholars ~~will~~ reward the best, and encourage others follow their example. We can also strengthen our schools by introducing an element of competition into education. Magnet schools give parents and students the power to choose their schools, and that will serve as a powerful incentive for schools to improve their performance.

To prepare for the future, we've got to cope with the changing nature of society. What are we doing in the age of the the single-parent and the two-career household to help the family survive and prosper?

I've called on Congress to adopt a set of child care initiatives aimed at strengthening the American family -- especially low-income working households, where balancing the responsibilities of work and family proves most difficult.

And, of course, to prepare for the future, we've got to map a national security strategy that gives due weight to each factor of change in international scene. That's the aim of the series of defense and foreign policy reviews I've instructed my national security team to conduct.

We have to understand that this is an agenda for the long-term. We aren't going to clean up the environment, turn around our education system, create a more responsive business climate or work environment in a single day. But we must begin today, and make steady progress -- in order to succeed.

In this kind of work, more is going on than meets the eye -- or makes the headlines. The proof will come when we look back

from the year 2000. And I'm confident that we will be able to look back with pride on work we did to get ready for a new Century -- provided we look forward today.

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We've got work to do -- work that won't wait -- great work to ensure that the next century now on the horizon will be a new American Century.

Thank you.

# # #

**Federal Home Loan Bank Board**

OFFICE OF POLICY AND ECONOMIC RESEARCH

1700 G Street, N.W.  
Washington, D.C. 20552Federal Home Loan Bank System  
Federal Home Loan Mortgage Corporation  
Federal Savings and Loan Insurance Corporation

March 15, 1989

**MEMORANDUM**

**TO:** Richard C. Breeden  
Assistant to the President  
for Issues Analysis

**FROM:** James R. Barth *J.R.B.*  
Chief Economist  
Federal Home Loan Bank Board

**SUBJECT:** Operating Losses at Insolvent Thrifts

As you requested, I have compiled the most recent information for GAAP-insolvent thrift institutions. At the end of the 4th-quarter 1988, there were 364 GAAP-insolvent institutions that were incurring operating losses of \$923 million or \$3.7 billion when annualized. This translates into losses of about \$300 million per month or \$10 million per day. Unlike nonoperating losses which are typically embedded losses, operating losses are recurring losses which will likely continue until corrective action is taken.

Attachment

INCOME, EXPENSE, AND RETURN ON ASSETS BY SOLVENCY STATUS  
FSLIC-INSURED INSTITUTIONS, FOURTH QUARTER 1988  
FHLB SYSTEM

	ALL INSURED -----	GAAP NW SOLVENT -----	GAAP NW INSOLVENT -----
NO. OF FIRMS	2949	2585	364
% OF FIRMS		87.7%	12.3%
TOTAL ASSETS (\$MILS.)	1351487.8	1237959.8	113528.0
% OF ASSETS		91.6%	8.4%
INCOME AND EXPENSE (\$MILLIONS)			
-----			
OPERATING INCOME	29545.848	27407.075	2138.773
OPERATING EXPENSE (INCL. INTEREST)	28941.400	25880.042	3061.358
* OPERATING PROFIT (LOSS)	604.448	1527.033	-922.585
NONOPERATING INCOME	1101.220	995.140	106.080
(PROFIT ON SALE OF ASSETS)	985.283	913.647	71.636
NONOPERATING EXPENSES	3612.157	1579.739	2032.418
(PORTION RESERVED AGAINST LOSSES)	3371.260	1439.263	1931.997
* NONOPERATING PROFIT (LOSS)	-2510.937	-584.599	-1926.338
TAXES	379.016	426.231	-47.215
NET INCOME (AFTER TAXES)	-2285.504	516.207	-2801.711

**HOUSTON BOARD OF REALTORS  
OUTLOOK CONFERENCE**

**JANUARY 27, 1989**

It is a pleasure for me to once again join the Realtors at their annual Outlook Breakfast and collectively project what the upcoming year will bring to your industry and others that directly impact on the real estate market in Houston. It is a special privilege to be on today's program with my close friend Bill Archer, who so ably represents the 7th Congressional District of Houston and whose influence in Washington is so important to the success of our community. The fact that a previous representative from Houston's 7th Congressional District is now the President of the United States and that Bill is currently the second ranking Republican on the House Ways and Means Committee reflects the renaissance that our community has enjoyed politically, economically and culturally over the last two years.

As a close observer of the national press and their comments about our city, it is instructive for me to contrast what was being said about Houston two to three years ago to the current coverage that we are enjoying. Let me illustrate that with the following examples:

**BUSINESS WEEK:**

"The oil glut is wreaking havoc on Houston property values." 3/18/85

"Houston shows renewed signs of life." 1/16/89

**HOUSTON CHRONICLE:**

**"(No one was immune to) the financial downturn that has dogged Houston entrepreneurs throughout three years of falling energy prices." 1/1/86**

**"Brisk chemical sales and new plant construction have led Houston's comeback."  
1/20/89**

**HOUSTON POST:**

**"The longed-for robust recovery still isn't plugged into forecasts." 12/8/85**

**"Houston is recovering after five years of economic recession." 8/7/88**

Last year when I visited with you at this Conference, I advised that we were clearly seeing the light at the end of our economic tunnel and then proceeded to document that impression with improvements that we were following in a variety of economic indicators. Well today, we are no longer looking at the light at the end of that tunnel, for we have emerged into the reassuring warmth of full sunlight and every where about us we see the encouraging signs of opportunity. In fact, before proceeding with the balance of my remarks, let me officially declare, unequivacably, that Houston's economic recession is over and that we are gathered here today in the midst of a full and sustained recovery that has returned a sense of economic normalcy to virtually every sector of the community's economy.

If you have any doubts about the validity of that declaration, let me cite just a few of the multitude of statistics that give incontrovertible evidence of its accuracy:

**Jobs**

- o unemployment rates have dropped from 12.9% to 5.4%
- o during the last three years the community has added 20,000 jobs in 1987, 35,000 jobs in 1988, and projects approximately 40,000 net new jobs in 1989
- o Help Wanted Index is up 17% over the same period last year
- o population growth in the area was 1.4% in 1988 and projected to be 1.6% in 1989, as a result of positive net inward migration

00005  
 95,000  
 87-89

**General**

- o retail sales are up 3% in 1988 and projected for a similar growth in 1989
- o new and used auto sales are up 7.1% for 1988
- o Port of Houston tonnage and revenue figures are up approximately 12% for 1988 and may set all time records in both categories
- o Houston Light and Power and Southwestern Bell have added 16,000 and 43,000 new meters and lines respectively during 1988
- o hotel occupancy rose to 56% in 1988 and is projected to go to 59% in 1989
- o Texas Medical Center is currently employing 55,000 people and will increase that activity to over 80,000 at the completion of their current building program
- o the Johnson Space Center is currently contributing \$780,000,000 annually to our economy and that figure will rise to over a billion dollars per year with the start-up of Work Package II's \$3 billion Space Station activities
- o the City of Houston is currently adding 250 new companies to its economy each month.

NEW  
BUSINESS

SOURCE

## **Real Estate**

- o **single family starts will increase from 7800 in 1988 to approximately 8700 in 1989**
- o **single family values increased 4% in 1988 and are projected to go up nearly 10% in 1989**
- o **multifamily values increased nearly 25% in 1988**
- o **multifamily vacancies fell to 14.1% in 1988 and are projected to be in the 5% range by 1992**
- o **current resales of single family residences are running at a rate 3 times the foreclosure rate**
- o **the community enjoyed a net positive absorption of 4,000,000 feet of commercial office space during 1988 and the fourth quarter was the fifth consecutive quarter of positive absorption**
- o **suburban office rates are projected to rise nearly \$1.50 in 1989 with a net absorption of 3,500,000 square feet of suburban office space**
- o **total net commercial absorption in 1989 will again exceed 4,000,000 square feet despite the substantial vacancies being created by the Tenneco and NCNB situation**
- o **industrial leasing exceed 13,000,000 square feet in 1988 to set an all time record for the city**
- o **industrial vacancy is down to 13% and should fall below 10% in 1989**
- o **industrial leasing rates are up to \$ .14 a square foot and projected to go higher during the current year**
- o **foreclosures for 1987 were 31,000, last year 20,000 and projected to be below 9,000 in 1989**

- o the total real estate construction projected for the community in 1989 will exceed \$3 billion which represents a 10% increase over 1988.

I will pause here from that avalanche of statistics, not because we don't have more, but because other speakers more qualified than I can expand on the statistical outlook for the upcoming year and I am more interested in another aspect of our recovery - why has it happened in Houston? To begin that inquiry, let me turn to an unlikely source and quote the New York Times from their article in July 1988, "Houston is leading the Texas recovery - in economics and in civic self-awareness". While the Times has, in this one instance, stumbled onto a kernel of truth, they have, in their inevitable way, gotten the story backwards. For I would suggest to you, that the reason that Houston is recovering long before other Energy Belt cities like New Orleans, LaFayette, Dallas, Tulsa and Anchorage, is threefold and far more related to our civic self-awareness than our economy.

The first reason is the remarkable job Houstonians did of taking advantage of the economic slowdown to reconstruct our physical and cultural infrastructure in a way that prepared our city for the return of prosperity that we are now enjoying. Evidences of that rebuilding are plentiful:

- o the \$72 million of private money that Houstonians contributed to build the Wortham Theater
- o the billion plus dollars a year that we are spending to construct a world-class transportation system
- o the new \$89 million international terminal being constructed at

**Intercontinental Airport**

- o the \$106 million <sup>THE CTM</sup> George R. Brown Convention Center, clearly the finest of its type in the world
- o the \$55 million renovation currently underway at the Astrodome
- o the \$60 million Walt Disney/NASA Visitors Center slated for ground breaking this year
- o the 10,000 piece art collection that opened at the de Menil Museum in 1987

The second reason, is that our economic recovery has been planned in a very formal and thoughtful way so that we can construct a diversified economy around industries appropriate to the Houston environment. The Houston Economic Development Council, the Chamber of Commerce, the city and county government, area development organizations and others have all participated in the planning and implementation of this diversification effort. The results have been new focuses on industries such as aerospace, chemicals and foreign investment in heavy manufacturing. During the upcoming year, those targets will be expanded to include biomedical growth, financial services' data processing units and computer support services. Many of you, like myself, who have grown up in the Houston community, are amazed each day to find our conversations increasingly involving such topics as genetic engineering, geosynchronous orbits, RAM capacity, and fiber-optics transmission. That's a big change for a community previously dominated by rig counts and WTI quotes. The metamorphosis is confirmed by our most recent statistics which indicate that the portion of our economy dependent on oil and gas exploration and refining has fallen from 58% in 1982 to 41% in 1988. Despite that fact, energy remains, and should remain,

a crucial ingredient in our economic mix and it is somewhat paradoxical that the fall in energy prices which precipitated our problems in 1982 is now contributing to our recovery as Houston increasingly becomes a focal point for energy company consolidations that are now taking place throughout the industry.

In order to insure that this diversification process continues, we have as was mentioned in my introduction, recently formed the Greater Houston Partnership. The Partnership will oversee and direct the activities of both the Greater Houston Chamber of Commerce and the Houston Economic Development Council. By so doing, we will improve our ability to assign resources to those areas of the highest priority, increase the coordination between the business climate activities of the Chamber and the marketing and sales activities of HEDC, and finally, we will realize important economies of operation.

The third and final ingredient that has so beneficially impacted Houston's economic renaissance, has been the dramatic change in perceptions of our economy by those experts viewing us from afar. The contrasting quote which I cited earlier are the results of a carefully orchestrated program led by the Houston Economic Development Council and supported by virtually every profit and not-for-profit organization of the city, to communicate our progress and recovery to people throughout the world. During the past year we have tabulated 60 different feature stories in national and international press about the economy of the city of Houston. Fifty-one of those stories were extremely positive, six were neutral and three we have categorized as negative. What an incredible turn around that is from the publicity we were

receiving just 24-36 months ago. During the past 60 days the positive results of our extend public relations program have begun to snowball into a virtual avalanche of positive stories about the City of Houston. Recent articles in Newsweek and Business Week, are indicative of that increasing momentum. Next Thursday and Friday I will be back in New York City with Mayor Whitmire and City Controller George Grenias, meeting with bond rating agencies and media representatives to continue to spread the word about the recovery now going on in our city. There are three keys to why the recovery has been so successful here: infrastructure construction, planned diversity and communication. In short, we got our recovery the old fashioned way --- we earned it!

If, today, I am the first to officially declare an end to our economic problems, let me also be the first to officially issue a warning about premature complacency. While the recovery we are experiencing is welcome, well grounded and overdue, it is also fragile, weak and vulnerable. Its continuity is dependent on our collective efforts and while many of you may desire a respite to enjoy the fruits of the recovery, that is simply a luxury we don't have. To build upon the efforts of the last three years will require even more energy, more commitment and more resources.

Let me share with you some priorities that the Chamber of Commerce has set for insuring the prosperity of Houston:

1. Job creation through a broader diversification of the area's economy.
2. Expanding the export activity centered through the Port of Houston.
3. Providing a dependable long-range supply of fresh water for both domestic

- and industrial use in the community.
4. Expanding the facilities of the Texas Medical Center.
  5. Improving the public education system and the quality of higher education in the community.
  6. Expansion of research and development activities to attract science oriented industries of the coming generation.
  7. Increased development of our freeways, thoroughfares and parking facilities.
  8. Increased development in the fine arts to make the community more culturally attractive.
  9. Provision of adequate flood protection for all parts of Harris County.
  10. Proper attention to the development of church structures and programs to serve the spiritual needs of the growing population.

You may wonder who articulated those objectives. Well, it was not Lee Hogan, Gerry Griffin, Charles Duncan, Don Jordan, John Walsh, Eileen Crowley or any of the others that you might be guessing. Rather, those words were spoken by Marvin Hurley when he assumed the Vice Presidency of the Houston Chamber of Commerce in 1945. The requirements to build a successful metropolitan economy have not changed much in the last forty years and may not change much in the next forty.

An essential ingredient to all of the objectives outlined above is a strong public/private partnership between our businesses and government representatives. People like Bill Archer and his associates in Washington, give our community a unique opportunity through the influential positions they

currently hold. A partial listing of those influential positions would include the following:

- o President of the United States
- o Secretaries of State, Commerce and Defense
- o Speaker of the House of Representatives
- o Chairman of the Senate Finance Committee
- o Second Ranking Democrat on the Senate Select Committee on Intelligence
- o Ranking Republican on the Senate Defense Industries and Technology Sub-Committee
- o Chairman of the House Banking Committee
- o Chairman of the House Government Operations Committee
- o Chairman of the House Postal Sub-Committee
- o Chairman of the House Select Committee on Hunger
- o Second Ranking Republican on the House Labor and Management Sub-Committee
- o Second Ranking Republican on the Elementary and Secondary Education Sub-Committee
- o Third Ranking Republican on the Energy and Power Sub-Committee
- o Third Ranking Democrat on the House Small Business Committee
- o Third Ranking Democrat on the House Ways and Means Committee
  
- o and, of course, the Second Ranking Republican on the House Ways and Means Committee, who also serves as the Ranking Republican on the Social Security Sub-Committee and the Second Ranking Republican on the Trade Sub-Committee

But that opportunity will be wasted if we don't take advantage of that

**influence and use it beneficially. If there is anyone in today's audience who can't currently name their Congressional Representative, their State Senator, their State Representative, their County Commissioner and the City Council Member from their District, then you are missing an opportunity to help yourselves and your city.**

**As we begin this new year, there are compelling issues at every level of government that demand our attention and will dramatically impact the economy in which we operate. Just to cite a few examples:**

- 1. On March 7, we will be asked to vote on the HISD's \$371 million Capital Improvement Program. Nothing will be more damaging to the economy and real estate industry in this city than a deteriorating physical plant in our primary and secondary schools. That is just one element of rebuilding our educational system, but it is an important one and I urge your support in that election.**
- 2. The State Legislature is now in session and will be considering such issues as Workman's Compensation revision, Judicial Reform and Research funding for our area institutions of higher education. Everyone of those issues is crucial to the success of your city.**
- 3. The Federal government, through its various agencies, such as the Environmental Protection Agency, the Corps of Engineers, the Department of Transportation and others, is currently considering an expansion to the Houston Ship Channel which would widen and deepen that facility. Striking**

**the proper balance between environmental considerations and competitive port facilities will be a necessary condition to the future growth of our city.**

**In summary, I am urging activism, participation and a continuation of our community's commitment. There are those in our community who will conclude that our current recovery is the inevitable evolution of an economic cycle and that the machinations of our complex economy dictate that prosperity will be periodically replaced with recession and vice versus. To those who would subscribe to such a theory, I would commend the history of Jefferson, Texas. Jefferson was once the largest city in our state, but they eschewed the future when they bypassed the opportunity for a railroad route through Jefferson in the 1880's based on the logic that the river traffic that had made Jefferson great would forever sustain its preeminent position in the state's economy. For a community like ours, neither prosperity nor recession is inevitable. The strength of our economy will be a function of the foundation that it is built on, the stability of our economy will be proportional to the diversity that protects it and the duration of our recovery will be reflective of our efforts to sustain it.**

**Last year I told you that our recovery had begun, but that participation in that recovery was optional. You are among the many who elected to participate. As a result, 1989 will be the best year since 1982 for most of you and the best year ever for some of you.**

**But in the midst of your well earned success --- reflect on what it took to construct our recovery, consider what differentiates us from other communities**

**still seeking a path to relief and project what it will require to sustain our prosperity**

**If we continue to collectively plan, we will continue to collectively prosper; if we will invest a portion of today's gains into tomorrow's support systems, then tomorrow will support us; and if we apply the lessons of the last seven years to the next 70 years, we'll keep Houston "Back on Top to Stay".**

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

BLS 523-1002

Unemployment

	June 86	86 average	Dec 88	Feb 89
Houston	12.9	10.2	5.4	X
Texas	11.1 <del>11.1</del>	8.9	6.2	7.3
U.S.	7.0	7.0	5.3	5.1

Houston area:

Jan. 86  
 Dec. 86  
 Dec. 88

1,465,872 employed  
 1,459,312 employed  
 1,548,858 employed

BLS 523-1002

1<sup>st</sup> Draft / CW's edits.

(McGroarty/Simon)

March 13, 1989  
9:30am  
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PRESIDENTIAL REMARKS: THE FORUM CLUB OF HOUSTON  
HOUSTON, TEXAS  
MARCH 16, 1989

Thank you.... They say that Texas is a state of mind, but it's still good to set both feet down on Texas earth, to come home to Houston.

I take great pride in what is happening here. Houston has turned the corner. (Healthy rate of job creation, xx new companies each month. An unemployment rate less than half what it was just ~~xx~~<sup>three</sup> years ago.) And best of all, the new Houston is being built upon a broad economic base.

And I am especially pleased to be back at the Forum Club, where so much has been <sup>done</sup> to shed light on the great issues of the day.

/////

I've come to Texas to tell you we're hard at work in Washington -- and we're making progress.

We're working to drive down the deficit. We can bring federal spending under control -- and into balance with our

resources. We can stay on track to meet the Gramm-Rudman target -- and we can do it with no new taxes.

The key is a realistic and workable budget, like the one I sent to Congress seven weeks ago -- the one that even the Congressional Budget Office now says will meet the Gramm-Rudman target.

We're working to clean up insolvent savings and loans -- and to clean up the S&L system, so that the questionable practices and outright illegalities that caused the current crisis won't happen again.

We're working now on a plan that will help developing nations cope with the burden of debt -- a solution that promotes growth and stability in world markets.

And we're waging the war on drug-abuse on every front: more effective education and awareness efforts to dry up demand for illegal drugs, and tougher law enforcement and interdiction to cut off suppliers, and put the dealers behind bars -- where they belong.

These are serious challenges -- ticking time bombs that we need to defuse without delay. And we're doing just that.

But these are by no means the only issues that demand leadership and prompt action. Leadership is more that

crisis-management. It's more than dealing with the problems of the day -- no matter how urgent they are.

The true test of leadership is knowing where we want to take the country -- and taking the steps today to get us there.

That's working for the long term, for <sup>a</sup>the payoff we won't see today or tomorrow -- but ten and twenty years from now.

For people my age -- and for people a good deal younger -- the 21st Century has been the place we put all the fantastic ideas, all the discoveries and inventions we couldn't dream of experiencing in our own time. "The 21st Century" was just another name for a future that seemed as distant as a voyage to the moon.

Here in Houston, you have a better sense of how we can cover that distance, and transform a distant future into our destiny.

The truth is, the 21st Century isn't far away at all. I graduated in the Class of '42. Our first graders today will be the class of 2000.

The 21st Century is here. The question is what we are doing today to prepare ourselves for the new world that begins eleven short years from now.

That's what my agenda is all about.

Building a better America means taking the the necessary steps today to build the foundations for the kind of future we want.

Preparing for our future means investment -- in our economy and in our schools. It means safeguarding the environment against short-sighted actions that do long-term damage. It means finding ways to preserve and strengthen indispensable institutions like the family, in the midst of social change. It means taking a long-range look at the international landscape, to determine what policies and approaches will keep us free, prosperous and at peace in the 21st Century, as we are today.

These aren't minor matters or unimportant issues.

These are concerns that will determine what kind of world we live in -- and whether we as a people live up to our American ideals.

And they're at the center of my agenda for a new American Century.

To prepare for the future, we've got to invest in our economy: We've got to create incentives to ~~to~~ new investment, <sup>and</sup> to aggressive R&D programs that are catalysts to ~~our~~ technological advance. We've got to cut the capital gains tax, to spur the entrepreneurial activity that means new products, new industries and new jobs. Free enterprise is the engine of growth that can lead us into the next century. It's up to government to maintain

a climate that is hospitable to growth, competitiveness and productive investment, one that gives free enterprise free rein.

To prepare for the future, we've got to protect our environment. Whether we're talking about the disposal of nuclear or other hazardous wastes, or the discharge of CFCs into our atmosphere, the United States -- on our own and in concert with other nations -- must make a clean environment a priority. And what I've done so far shows this isn't just talk -- I'm taking action.

To prepare for the future, we've got to focus on education. We've got to recognize and reward excellence in education -- in our schools, our teachers, our students. My merit proposals -- for teachers, schools, and our nation's best young science scholars -- will reward the best, and encourage others follow their example. We can also strengthen our schools by introducing an element of competition into education. Magnet schools give parents and students the power to choose their schools, and that will serve as a powerful incentive for schools to improve their performance.

To prepare for the future, we've got to cope with the changing nature of society. What are we doing in the age of the the single-parent and the two-career household to help the family survive and prosper?

I've called on Congress to adopt a set of child care initiatives aimed at strengthening the American family -- especially low-income working households, where balancing the responsibilities of work and family proves most difficult.

And, of course, to prepare for the future, we've got to map a national security strategy that gives due weight to each factor of change in international scene. That's the aim of the series of defense and foreign policy reviews I've instructed my national security team to conduct.

We have to understand that this is an agenda for the long-term. We aren't going to clean up the environment, turn around our education system, create a more responsive business climate or work environment in a single day. But we must begin today, and make steady progress -- in order to succeed.

In this kind of work, more is going on than meets the eye -- or makes the headlines. The proof will come when we look back from the year 2000. And I'm confident that we will be able to look back with pride on work we did to get ready for a new Century -- provided we look forward today.

-- We can enter the 21st Century<sup>as</sup> a strong and trusted partner in the alliance of free nation, a front-line leader in defense of freedom.

-- We can enter the 21st Century<sup>as</sup> a productive, energetic and innovative member of the global economy, second to none in the

technological competition that will determine economic leadership in the decades ahead.

-- We can enter the 21st Century<sup>20</sup> a nation whose people enjoy a degree of freedom, opportunity, and a quality of life that fulfills the American promise -- a society that draws its strength from the individual, the family, the community, and a government wise enough to respect those institutions as the cornerstone of our democratic system.

We've got work to do -- work that won't wait. The agenda for a new American Century (begins today.) *is ambitious*

Thank you.

When the Japanese bombed Pearl Harbor, December 7, 1941, there wasn't any doubt which branch of the service I'd join. My thoughts immediately turned to naval aviation. College was coming up the following fall, but that would have to wait. The sooner I could enlist, the better.

Six months later I got my diploma from Phillips Academy Andover. Secretary of War Henry Stimson came from Washington to deliver the commencement address. He told members of our graduating class the war would be a long one, and even though America needed fighting men, we'd serve our country better by getting more education before getting into uniform.

After the ceremony, in a crowded hallway outside the auditorium, my father had one last question about my future plans. Dad was an imposing presence, six feet four, with deep-set blue-gray eyes and a resonant voice.

"George," he said, "did the Secretary say anything to change your mind?"

"No, sir," I replied. "I'm going in."

Dad nodded and shook my hand.

On my eighteenth birthday, I went to Boston and was sworn into the Navy as a Seaman Second Class. Not long thereafter, I was on a railway coach headed south for Navy preflight training in North Carolina.

I'd joined up to fly, and like the piano student who didn't see why he couldn't begin his lessons playing *Rhapsody in Blue*, I was gung ho to strap on the leather helmet and goggles the day I arrived at Chapel Hill. Because of the pilot shortage, the Navy had trimmed its aviator training course to ten months, but there weren't any shortcuts. It would be months before I'd finally climb into a Stearman N-2S trainer—the Navy's "Yellow Peril," a two-cockpit, open-air special. Even then I got the impression that my instructor thought I was still too fuzz-faced to trust with an expensive piece of Navy equipment.

Looking through old scrapbooks at photos taken at the time, I can't say I blame him. I was younger than the other

trainees—the youngest aviator in the Navy when I got my wings. To make matters worse, I looked younger than I actually was—enough to make me self-conscious. When Barbara came to visit—she was on her way to school in South Carolina—I even asked her to stretch the calendar, add a few months to her age, and tell anybody who asked that she was eighteen, not seventeen.

We'd met six months before, at a Christmas dance. I'm not much at recalling what people wear, but that particular occasion stands out in my memory. The band was playing Glenn Miller tunes when I approached a friend from Rye, New York, Jack Wozencraft, to ask if he knew a girl across the dance floor, the one wearing the green-and-red holiday dress. He said she was Barbara Pierce, that she lived in Rye and went to school in South Carolina. Would I like an introduction? I told him that was the general idea, and he introduced us, just about the time the bandleader decided to change tempos, from fox trot to waltz. Since I didn't waltz, we sat the dance out. And several more after that, talking and getting to know each other.

It was a storybook meeting, though most couples that got serious about each other in those days could say the same about the first time they met. Young people in the late 1930s and early '40s were living with what modern psychologists call heightened awareness, on the edge. It was a time of uncertainty, when every evening brought dramatic radio newscasts—Edward R. Murrow from London, William L. Shirer from Berlin—reporting a war we knew was headed our way.

In the eight months that passed from that first meeting until her visit to Chapel Hill, Barbara and I had progressed from simply being "serious," to meeting and spending time with each other's families—a fairly important step for teenagers in those days. After I got my wings and went into advanced flight training, we took the next important step. In August of 1943, she joined the Bush summer convocation in Maine where, between boating and fishing excursions, we were secretly engaged. Secret, to the extent that the German and Japanese high commands weren't aware of it. That December we went public with our engagement, though we

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

3/10

TO: Dan McGroarty

FROM: Bob Simon

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The last 2 times the President was in Houston was Nov. 8 + 9 for election day; and on Nov. 22 for a working lunch with the President of Mexico.

THE WHITE HOUSE  
WASHINGTON

March 7, 1989

MEMORANDUM FOR JOHN G. KELLER, JR.

FROM: GARY E. FENDLER

RE: HOUSTON, TEXAS VISIT

The following is information I gathered during the pre-advance from Mr. Terry Hemeyer, vice president of public relations for Pennzoil. I suggest nothing from this document be used unless first checked with Mr. Hemeyer. He can also supply sources for this information:

The Houston economy is recovering because the city is diversifying into aerospace, chemicals and heavy manufacturing. This last area, heavy manufacturing, has substantial foreign investment involved.

He also noted biomedical, financial services and computer support services such as data processing.

He described the city as back to economic normalcy. The recession is over.

He said 95,000 new jobs in the Houston metro area since 1987. For example, Texas Medical Center has grown from 55,000 employees to 80,000.

The city is adding 250 new companies per month. He also notes growth at the Johnson Space Center, in the city's transportation system and at the (International) airport.

Unemployment has dropped from a high of 12.9 percent to the current 5.4 percent.

Again, nothing should be used until Mr. Hemeyer has been contacted and he can verify this information (713-546-8524).

*mention energy*

100 Waugh Drive, Suite 240  
Houston, Texas 77007  
(713) 869-0676

Jan H. McToll  
Speakers Program Director

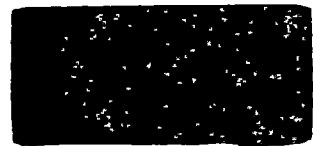
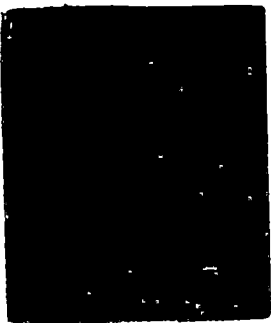


THE FORUM CLUB OF HOUSTON  
A Community Platform for Distinguished Speakers

*McGrady*

*see club  
book to try out  
agrees*

*Thurs. before 6:10.  
agrees*



SPECIAL MEETING NOTICE

PRESIDENT GEORGE BUSH is presenting Forum Club members and their guests an unprecedented opportunity to hear an address, which he has scheduled specifically for delivery in Houston on Thursday, March 16, 1989. Because of time and operational constraints, The Forum Club is departing from usual procedure for this special event.

RESERVATIONS: May be made by telephone only by dialing 1-800-228-8813. Calls for reservations will be accepted from 6 a.m. through midnight, daily, from Wednesday, March 8 through Sunday, March 12. RESERVATIONS MAY BE MADE AT 1-800-228-8813 ONLY. PLEASE DO NOT CALL THE FORUM CLUB OFFICE.

- - NO EXCEPTIONS. Reservations will be accepted on a first come, first served basis. Upon telephone confirmation of reservations, payment should be made to The Forum Club. Please be sure to include the reservation statement that appears on this form.

With the limited seating, each member will be allowed to bring a maximum of three guests. Please note that there will be no reserved seating. Also, on the day of the event, no substitutions or walk-ins will be permitted.

It is recommended that on the day of the event, members and guests with reservations should plan to arrive early to allow time for parking and a mandatory security clearance. Doors will open at a.m.

DATE: Thursday, March 16, 1989

WHERE: George R. Brown Convention Center,  
Grand Ballroom, Level 3

TIME: 11:30 a.m. Cash Bar  
Noon Luncheon  
1:30 p.m. Adjourn

PRICE: \$ Member \$ Guest

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# Withdrawal/Redaction Sheet

## (George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Agenda	Items to be Discussed with Regared to President Bush's Speech to the Forum Club of Houston. (4 pp.)	03/16/89	(b)(2)	

**Collection:**

**Record Group:** Bush Presidential Records  
**Office:** Speechwriting, White House Office of  
**Series:** Speech File, Backup  
**Subseries:**  
**WHORM Cat.:**  
**File Location:** Forum Club of Houston 3/16/89

<b>Date Closed:</b> 9/23/2004	<b>OA/ID Number:</b> 06347
<b>FOIA/SYS Case #:</b>	
<b>Re-review Case #:</b> 2004-2265-S	
<b>P-2/P-5 Review Case #:</b>	

<b>MR Case #:</b>	<b>Appeal Case #:</b>
<b>MR Disposition:</b>	<b>Appeal Disposition:</b>
<b>Disposition Date:</b>	<b>Disposition Date:</b>

### RESTRICTION CODES

<p><b>Presidential Records Act - [44 U.S.C. 2204(a)]</b></p> <p>P-1 National Security Classified Information [(a)(1) of the PRA]  P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]  P-3 Release would violate a Federal statute [(a)(3) of the PRA]  P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]  P-5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]  P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]</p> <p>C. Closed in accordance with restrictions contained in donor's deed of gift.</p>	<p><b>Freedom of Information Act - [5 U.S.C. 552(b)]</b></p> <p>(b)(1) National security classified information [(b)(1) of the FOIA]  (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]  (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]  (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]  (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]  (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]  (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]  (b)(9) Release would disclose geological or geophysical information</p>
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THE FORUM CLUB OF HOUSTON  
100 Waugh Drive, Suite 240  
Houston, Texas 77007  
(713) 869-0676

BASIC INFORMATION:

1. What The Forum Club is:  
The Club provides a community platform for distinguished speakers. It is a nonprofit organization which brings distinguished speakers to Houston to speak before its members and their guests. The Forum Club is an independent, nonpartisan, educational institution.
2. Purpose of The Forum Club:  
The Club's purpose is to enrich the knowledge and broaden the outlook of present and future leaders of Houston in all walks of life. THEME: "It is in the diversity of opinion that democracy may rest secure." - Sam Houston, U.S.A. Senate Inaugural Address, December 21, 1859.
3. The type of speakers The Forum Club presents:  
The speakers program consists of government officials, foreign diplomats, chief executive officers of major corporations, academicians, scientists, or persons from the media. The speaker criteria include: (1) national or international prominence of speaker or position held, (2) recognized expertise on an important public issue and (3) excellent speaking ability before a large audience.
4. Qualifications for membership:  
Membership is open to all who are interested in Forum Club programs.
5. Club costs:  
Annual membership dues are \$40.00 for individual and \$50.00 for husband and wife joint membership. Luncheon fees are \$15.00 for members and \$20.00 for their non-member guests at this time.
6. Current membership count:  
Over 2600 Houstonians are members of the Club.
7. Number of speaker programs per year:  
Twelve to sixteen speakers are scheduled per year.
8. Schedule of programs:  
Usually, there are one or two programs per month, scheduled at the speaker's convenience. The speeches are in association with a luncheon, which is held from noon until 1:30 p.m. The speech is approximately 20 to 25 minutes in length, followed by a question and answer session in which the speaker addresses written questions from the audience. In addition, the Club schedules one dinner lecture per year.
9. Location of the luncheons:  
The luncheons are held at major hotels in the Downtown, Galleria or Medical Center area.
10. Regular attendance at the luncheons:  
Attendance ranges from 400-1200 people.
11. Media coverage:  
Club events receive media coverage from local newspapers and television and radio stations.

Harry E. Walker - Vice President  
2/89

1978 to date

THE FORUM CLUB OF HOUSTON  
LECTURERS

Frank Borman  
12/12/78

Chairman, Eastern Airlines and former  
Commander of Apollo 8, the first  
spacecraft to orbit the moon

Ernest Green  
2/8/79

U.S. Assistant Secretary of Labor

Henry Jackson  
3/7/79

U.S. Senator, D-Wash.

John C. West  
4/12/79

U.S. Ambassador to Saudi Arabia and  
former Governor of South Carolina

Leon Jaworski  
5/22/79

Senior Partner, Fulbright and Jaworski,  
Watergate Special Prosecutor, past  
President, American Bar Association

Ian MacGregor  
8/17/79

Honorary Chairman, AMAX, Inc., Partner  
Lazard Freres, past President,  
International Chamber of Commerce, and a  
Laureate for the Fortune Hall of Fame  
for Business Leadership

Robert C. Krueger  
10/30/79

U.S. Ambassador-at-Large and Coordinator  
of Mexican-American Relations

David Ogilvy  
12/5/79

Founder, Ogilvy & Mather and a  
Laureate of the Fortune Hall of Fame for  
Business Leadership

Howard Johnson  
1/30/80

Chairman, Massachusetts Institute of  
Technology

David Rockefeller  
3/5/80

Chairman, Chase Manhattan Bank

Chai Zemen  
4/25/80

Ambassador of the Peoples Republic of  
China to the United States

George Bush  
4/28/80

Candidate for Republican Party  
Nomination for President

Clifton C. Garvin  
5/21/80

Chairman, Exxon Corporation

Kenneth N. Dayton  
6/25/80

Chairman, Executive Committee,  
Dayton-Hudson Corporation

<u>Harold M. Williams</u> 8/8/80	Chairman, U.S. Securities and Exchange Commission
<u>Pete V. Domenici</u> 10/20/80	U.S. Senator, R-N.M.
<u>David S. Broder</u> 11/12/80	Nationally Syndicated Political Journalist
<u>William H. Webster</u> 11/18/80	Director, Federal Bureau of Investigation
<u>Lewis Thomas, M.D.</u> 12/9/80	Chancellor, Sloan-Kettering Cancer Center
<u>Sol Linowitz</u> 1/9/81	Ambassador-at-Large and the President's Personal Representative for the West Bank-Gaza Autonomy Negotiations
<u>Arnold Weber</u> 1/28/81	President, University of Colorado
<u>John B. Connally</u> 3/5/81	Former Governor of Texas, Senior Partner, Vinson & Elkins.
<u>Lord Trend</u> 4/14/81	Baron Trend of Greenwich, Rector of Lincoln College, Oxford University, and Secretary of the British Cabinet under three Prime Ministers
<u>Michael E. DeBakey, M.D.</u> 4/21/81	Chancellor, Baylor College of Medicine
<u>Suk Heun Yun</u> 5/18/81	Korean Ambassador to the United States
<u>Michael J. Boskin</u> 6/30/81	Professor of Economics at Stanford University and member of President Reagan's Economic Task Force
<u>Jim Wright</u> 7/2/81	Majority Leader, U.S. House of Representatives, D-Texas
<u>Edward Teller</u> 7/22/81	Senior Research Fellow, Hoover Institution
<u>Theodore C. Rogers</u> 8/19/81	President and Chief Operating Officer, NL Industries, Inc.
<u>Fritz Leutwiler</u> 9/25/81	Chairman of the Swiss National Bank

<u>Talcott W. Seelye</u> 11/9/81	Former United States Ambassador to the Syrian Arab Republic
<u>James G. Watt</u> 11/24/81	U.S. Secretary of the Interior
<u>Phil Gramm</u> 12/4/81	Member, U.S. House of Representatives, D-Texas
<u>Julian L. Simon</u> 1/27/82	Professor of Economics, University of Illinois (author of <u>The Ultimate Resource</u> )
<u>John H. McArthur</u> 2/5/82	Dean, Harvard Graduate School of Business Administration and George Fisher Baker Professor of Administration
<u>Edward G. Jefferson</u> 3/17/82	Chairman and Chief Executive Officer, E.I. du Pont de Nemours & Co.
<u>Jeane J. Kirkpatrick</u> 4/21/82	Permanent Representative, U.S. Mission to the U.N.
<u>Scott M. Matheson</u> 5/19/82	Governor of Utah and Chairman of the National Governors Association
<u>Elsbeth D. Rostow</u> 6/29/82	Dean, L.B.J. School of Public Affairs, University of Texas at Austin
<u>Gerald R. Ford</u> 7/20/82	Thirty-eighth President of the United States
<u>David M. Roderick</u> 8/16/82	Chairman, United States Steel Corporation and the American Iron and Steel Institute
<u>Yitzhak Rabin</u> 9/13/82	Former Prime Minister of Israel
<u>George Thomas, MP</u> 9/22/82	Speaker of the British House of Commons
<u>Samuel Pierce</u> 10/14/82	U.S. Secretary of Housing and Urban Development
<u>David S. Broder</u> 11/12/82	Nationally Syndicated Political Journalist
<u>Ernest F. Hollings</u> 12/2/82	U.S. Senator, D-S.C.
<u>Walter E. Hoadley</u> 1/20/83	Globally known economist and financial executive, a Senior Research Fellow at the Hoover Institution, Stanford University

Lloyd M. Bentsen, Jr.  
2/23/83

U.S. Senator, D-Texas

John H. Filer  
3/24/83

Chairman and Chief Executive Officer,  
Aetna Life and Casualty

James A. Baker  
4/13/83

White House Chief of Staff and  
Assistant to the President

Anne L. Armstrong  
4/26/83

Chairman, President Reagan's Foreign  
Intelligence Advisory Board

Sir Oliver Wright  
5/19/83

Great Britain's Ambassador to the United  
States

John K. McKinley  
6/7/83

Chairman and Chief Executive Officer,  
Texaco, Inc.

Irving Kristol  
7/7/83

Professor of Social Thought at New York  
University, Co-Editor of The Public  
Interest Magazine, member of the Board  
of Contributors of the Wall Street  
Journal

Kenneth W. Dam  
9/14/83

Deputy Secretary of State, U.S. State  
Department

Robert A. Beck  
9/21/83

Chairman, The Prudential Insurance  
Company of America

Mark White  
10/13/83

Governor of Texas

Adm. Bob R. Inman, USN(Ret.)  
11/10/83

Chairman, President and Chief Executive  
Officer, Microelectronics and Computer  
Technology Corporation (MCC)

Hugh Sidey  
12/13/83

Washington Editor, TIME Magazine

Arthur Levitt, Jr.  
1/25/84

Chairman of the Board, American Stock  
Exchange, and Chairman, American  
Business Conference, Inc.

Yoshio Okawara  
2/27/84

Ambassador of Japan to the United States

Edward I. Koch  
3/29/84

Mayor, City of New York

Charles E. Walker  
4/23/84

Chairman, Charles E. Walker Associates  
Inc., and former Deputy Secretary of  
the Treasury

George Bush  
5/4/84

Vice President of the United States

<u>Robert E. Mercer</u> 5/16/84	President and Chief Executive Officer The Goodyear Tire & Rubber Company
<u>Phil Gramm</u> 8/6/84	U.S. Representative, R-Texas, Republican Nominee for the U.S. Senate
<u>Lloyd Doggett</u> 8/28/84	State Senator, D-Texas, Democratic Nominee for the U.S. Senate
<u>William Clark</u> 9/17/84	Secretary of Interior, U.S. Department of the Interior
<u>William D. Ruckelshaus</u> 10/3/84	Administrator, Environmental Protection Agency
<u>Dr. Glenn T. Seaborg</u> 11/6/84	Nobel Laureate in Chemistry, University of California, Berkeley
<u>Tom Wicker</u> 11/15/84	Associate Editor and Columnist, The New York Times
<u>Malcolm Toon</u> 12/10/84	Former U.S. Ambassador to the U.S.S.R.
<u>Henry G. Cisneros</u> 2/5/85	Mayor, City of San Antonio
<u>Morris Tanenbaum</u> 2/27/85	Executive Vice President, AT&T Communications Corp.
<u>Dr. Hans Mark</u> 3/13/85	Chancellor, University of Texas System
<u>J. Peter Grace</u> 3/28/85	Chairman and Chief Executive Officer, W.R. Grace & Co.
<u>George M. Keller</u> 4/10/85	Chairman and Chief Executive Officer, Chevron Corporation
<u>Gen. Robert C. Kingston</u> 5/22/85	Commander-in-Chief, US Central Command- Middle East
<u>Robert S. Strauss</u> 5/30/85	Former Chairman, National Democratic Party
<u>Hon. Griffin B. Bell</u> 6/12/85	Former Attorney General
<u>Hon. Christopher M. Lehman</u> 6/26/85	Special Assistant to the President for National Security Affairs

<u>Charles J. Hedlund</u> 7/17/85	Chairman, The American University in Cairo
<u>John S. Herrington</u> 8/7/85	Secretary of Energy, U.S. Department of Energy
<u>Ted Stevens</u> 9/4/85	U.S. Senator, R-Alaska
<u>Manuel F. Ayau</u> 9/18/85	President, Francisco Marroquin University, Guatemala City, and Guatemalan businessman
<u>Michael Novak</u> 10/10/85	Author and Editor
<u>Dr. John A. Wheeler</u> 11/7/85	Professor of Physics, The University of Texas
<u>Roger B. Smith</u> 12/3/85	Chairman and Chief Executive Officer, General Motors Corporation
<u>Drew Middleton</u> 12/12/85	Syndicated Columnist, New York Times Syndication Sales Company
<u>R.E. "Ted" Turner</u> 1/21/86	Chairman and President, Turner Broadcasting System, Inc.
<u>Paula Dobriansky</u> 2/10/86	Member, National Security Council, United Nations
<u>Peter V. Ueberroth</u> 2/12/86	Commissioner, Major League Baseball
<u>Dr. Mortimer J. Adler</u> 2/24/86	Philosopher, Director of Institute for Philosophical Research
<u>John S. Reed</u> 4/3/86	Chairman and Chief Executive Officer, Citicorp
<u>Hon. Han Xu</u> 4/22/86	Ambassador of The People's Republic of China to the United States
<u>Lt. Gen. James Abrahamson</u> 5/19/86	USAF, Director, Strategic Defense Initiative Organization, U.S. Department of Defense
<u>Karl D. Bays</u> 5/29/86	Chairman of the Board, Baxter Travenol Laboratories, Inc.



<u>Lloyd Bentsen</u> 7/14/86	U.S. Senator (D-TX)
<u>William H. Gray III</u> 7/28/86	U.S. Representative (D-PA)
<u>Vice Adm. Wm. E. Ramsey, USN</u> 9/24/86	Deputy Commander in Chief, United States Space Command
<u>David Halberstam</u> 10/24/86	Journalist and Author, <u>The Reckoning</u>
<u>Sir Antony Acland</u> 11/7/86	British Ambassador to the United States
<u>Allen E. Murray</u> 11/19/86	Chairman, President and Chief Executive Officer, Mobil Corporation
<u>Robert L. Bartley</u> 12/11/86	Editor and Vice President, <u>The Wall Street Journal</u>
<u>Richard D. Hazell</u> 1/26/87	Member of Council, Lloyd's of London
<u>Robert J. Samuelson</u> 2/11/87	Economist, Contributing Editor, <u>Newsweek Magazine</u>
<u>Dr. Frank H.T. Rhodes</u> 3/5/87	President, Cornell University, Chairman of the Board, American Council on Education
<u>Robert K. Gray</u> 4/21/87	Chairman, Hill and Knowlton/USA, former Cabinet Secretary under President Eisenhower
<u>Donald H. Rumsfeld</u> 5/6/87	Former Secretary of Defense under President Ford, Former U.S. Ambassador to N.A.T.O., Senior Advisor, William Blair & Co.
<u>Klaus Jacobi</u> 6/17/87	Swiss Ambassador to the United States
<u>Pierre S. du Pont, IV</u> 7/1/87	Republican Presidential Candidate-1988

<u>Ben J. Wattenberg</u> 7/13/87	Author, Sr. Fellow American Enterprise Institute
<u>John E. Jacob</u> 7/23/87	President and Chief Executive Officer National Urban League
<u>Paul C.W. Chu, Ph.D.</u> 8/6/87	Professor of Physics University of Houston
<u>Linda J. Wachner</u> 9/17/87	President Warnaco, Inc.
<u>James R. Houghton</u> 10/1/87	Chairman and Chief Executive Officer Corning Glass Works
<u>Jeane J. Kirkpatrick</u> 10/12/87	Professor, Georgetown University; Former U.S. Ambassador to the UN
<u>Robert O. Anderson</u> 10/19/87	Former Chairman Atlantic Richfield Corporation (ARCO)
<u>Arthur A. Hartman</u> 12/3/87	Former U.S. Ambassador to France and to Moscow
<u>Helen Gurley Brown</u> 1/14/88	Editor-In-Chief <u>Cosmopolitan Magazine</u>
<u>Daniel Soulie, Ph.D.</u> and <u>Dominique Roux, Ph.D.</u> 2/11/88	Professors of Economics University of Paris-Dauphine
<u>James C. Fletcher, Ph.D.</u> 2/19/88	Administrator National Aeronautics Space Administration, Washington, D.C.
<u>E. John P. Browne</u> 3/25/88	Chief Executive Officer Standard Oil Production Company and Executive Vice President, BP America
<u>Robert L. Clarke</u> 4/5/88	Comptroller of the Currency
<u>E. James Morton</u> 4/20/88	Chairman and Chief Executive Officer John Hancock Life Insurance Company
<u>Oleg Atkov &amp; Walter Cunningham</u> 4/27/88	Cosmonaut, U.S.S.R. and former U.S. Astronaut
<u>Carlos Andres Perez</u> 5/16/88	Former President of Venezuela
<u>Denton A. Cooley, M.D.</u> 7/13/88	Surgeon-In-Chief Texas Heart Institute

Wendy L. Gramm, Ph.D.  
8/19/88

Chairman  
Commodity Futures Trading Commission

James E. Duffy  
9/22/88

President, Communications  
Capital Cities Corp./ABC Television

Helmut Schmidt  
10/12/88

Former Chancellor  
Federal Republic of West Germany

Joseph Goldstein, M.D.  
10/31/88

Nobel Prize Laureate in Medicine

Vernon A. Walters  
11/10/88

U.S. Permanent Representative to the  
United Nations

Klaus Hansch  
12/7/88

Member of European Parliament and  
Delegate to the U.S. Congress

Richard N. Perle  
1/25/89

Former Asst. Secretary of Defense  
for International Security Policy

William S. Sessions  
2/10/89

Director, Federal Bureau of  
Investigation

BIOGRAPHICAL SUMMARY

HARRY E. WALKER

Mr. Walker retired as Vice President, Shell Oil Company, 1979 and remains active as an energy consultant. He is a director of the Valero Energy Corporation and is a member of the American Petroleum Institute.

Mr. Walker serves as a board member in a number of Houston community organizations including the Alzheimer's Disease Association, the Association for Community Television, The Forum Club of Houston and the University of Houston Center for Public Policy.

1/15/86

Message:

MESSAGE FROM: Terry Hemyer 2nd Fl  
PENNZOIL COMPANY  
PENNZOIL PLACE • P O BOX 2967 • HOUSTON, TEXAS 77252-2967  
PUBLIC AFFAIRS  
713/546-8525 for verification  
713/546-8105 for telex

Handwritten signature/initials in a circle.

MESSAGE TO: Bob Simon  
LOCATION: The White House (202) 456-2461

Date: 3/14/89  
Time: 9:30 a.m.  
Number of Pages: 4  
Leader Page +

**Energy****ENERGY**

A strong domestic oil industry is vital to our national security.

*Permian Basin Petroleum Museum  
Midland, Texas  
October 6, 1988*

We must move ahead with the safe use of nuclear power and be willing to look at the more exotic energy sources. But a strong America will, for a long time, depend on oil and gas.

*Permian Basin Petroleum Museum  
Midland, Texas  
October 6, 1988*

I am one who believes we've got to strengthen the overall energy base of this country and protect the environment at the same time. . . . I know it can be done safely. There are other important considerations—tourism, marine life, esthetics—and in some extraordinarily sensitive areas, those considerations may prevail until technology moves forward.

*Washington Post  
June 6, 1988*

There's no security for the United States in foreign oil. We must encourage domestic production, we must turn to alternatives like natural gas, methanol, nuclear power and coal—and we must continue our efforts to be more efficient in the Strategic Petroleum Reserve, with a goal of 740 million barrels by 1993. I will also encourage our allies to create similar reserves.

*Permian Basin Petroleum Museum  
Midland, Texas  
October 6, 1988*

BOB SIMION

BOB,

HERE ARE SOME  
RECENT PRESIDENT  
BUSH QUOTES ON

ENERGY. THIS  
SUBJECT WOULD PLAY  
WELL IN TEXAS.

ALSO, HERE IS THE  
INFO. ON THE LITTLE  
BOY ATTENDING THE  
SPEECH.

TERRY  
HEMMEYER  
713-546-8524  
V.P. PENNZOIL Co.

Clerk's Office, (409) 246-3371. **INCORPORATED COMMUNITIES** (1986 population and ZIP Code) Gray 77618, Kountze (2,770) 77625, Lumberton (3,130) 77656, Rose Hill Acres (530) 77656, Silsbee (7,680) 77656 and Lake (2,060) 77659. **UNINCORPORATED COMMUNITIES** (and ZIP Code) Ariola 77625, Batson 77519, Glad Tidings 77625, Hardin 77625, Honey 77625, Kirby Town 77656, Lillard 77656, Loeb 77656, Pine Ridge 77625, Pinewood Estates 77706, Thicket 77374, Village Mills (Long Station) 77585, Wildwood (also in Tyler Co.) 77663. **ADDITIONAL LOCAL INFORMATION** Kountze Chamber of Commerce, P.O. Box 878, Kountze, 77625, (409) 246-2761, Lumberton Chamber of Commerce, P.O. Box 8574, Hardin 77711 (409) 755-0554, Silsbee Chamber of Commerce, 835 Highway 96 S., Silsbee, 77656, (409) 385-5562.

**HARRIS (G11)**  
 County Location Chart p. 58

**THE LAND**

Along the southeast portion of the Gulf Coast area on State Highways 45 and 10 in the Coastal Prairie Region, Harris County covers 1,734 square miles. The elevation of the county seat is 55 feet. Most of the county has level, somewhat poorly to moderately well drained, cracking, clayey or poorly drained soils with loamy surfaces and cracking, clayey subsoils. In the central portion and along Spring Creek in the northeastern portion of the county there are loamy surfaces over reddish clayey or loamy subsoils with hardened clay deposits in the subsoils. The northern quarter of the county lies in the Pineywoods vegetation area with loblolly, slash, longleaf and slash pines as well as oaks, hickory, maple and other hardwoods and bluestem, Indiangrass and other grasses. The rest of the county located in the Gulf Prairies and Marshes vegetation area has cord grasses and other bunch grasses, sedges and marsh millet with some pecan, oak and prickly pear trees. **CLIMATE** Subtropical humid. Occasional thunderstorms in spring and summer. Chance of tropical storms June through October. The average annual temperature is 69°F. Temperatures in January range from an average low of 40° to an average high of 62°F and in July range from 73° to 94°F. The average annual precipitation is 43 inches, with an average relative humidity of 87% at 6 A.M. and 65% at 6 P.M. Snowfall is rare. The growing season averages 300 days per year, with the last freeze in mid February and the first freeze in mid December. The sun shines during the year on the average 70% of the daylight hours.

**THE PEOPLE**

The 1986 estimated county population, ranking first within the state, was 2,798,300, an increase of 16% from the 1980 census. The population has grown quickly, with an increase of 36% between 1970 and 1980, following an increase of 40% between 1960 and 1970. Between 1970 and 1980, the urban population grew by 40% while the rural population grew by 12%. In 1980, 30% of the population were under age 18 and 6% were over age 64. Between 1970 and 1980, the age group with the greatest increase was age 20-24. In 1980, the median

age was 27.5, slightly lower than the state average of 28.2 years. The 1980 census reported the population as 71% White, 20% Black, less than 1% American Indian/Alaskan Native and 2% Asian/Pacific Islander, with 15% of Spanish origin. The three largest single-ancestry groups reported were English (9%), German (5%) and Irish (3%). **REGISTERED VOTERS** As of March 8, 1988, there were 1,221,621 registered voters, or 15.50% of the state total. There was a 45% voter turnout for the 1986 general election as compared to a 67% turnout in 1984. In the 1988 state primary, 50% voted Democrat and 50% voted Republican. A total of 340,252 votes were cast.

**THE ECONOMY**

**AGRICULTURE** Diversified crop area. In 1985, approximately 37% of the land was in farms and ranches, with 12% of this in harvested cropland and 4% irrigated. In the state, the county ranked 31st in agricultural receipts, of which 79% was derived from crops. Primary crops: hay, soybeans and rice. Primary vegetables: sweet corn and watermelons. Primary fruits and nuts: peaches and pecans. Primary livestock and products: beef and dairy cattle, hogs, angora goats and mohair. Current conservation concerns include flooding, land subsidence and solid waste management. **BUSINESS/INDUSTRY** The number of business establishments in 1985 in the county: 39,489. Retail sales during fiscal year 1987 increased 2% from fiscal year 1986. In 1987, the county ranked first within the state in volume of sales. In the second quarter of 1987, 25% of the employed labor force were employed in professional or related services, 11% in manufacturing, 27% in wholesale and retail trade, and 8% in finance. Of the employed labor force, 5.3% were self-employed and 3.0% were employed in other counties. The businesses and industries with the most employment are oil and gas extraction, contract construction, manufacture-machinery except electrical, transportation and other public utilities, restaurants, wholesale trade-durable goods, finance, business services, health services, retail food stores, general merchandise stores, automotive dealers, service stations, personnel supply services, engineering and architectural services. Nonfarm personal income in 1986 totaled \$42,656,679,000. In 1980, there were 99,492 retired workers who received an average monthly Social Security payment of \$354. **FINANCE** On December 31, 1987, there were 196 commercial banks, with total deposits of \$29,992,071,000 and total assets of \$46,774,207,000. On December 31, 1986, there were 38 FSLIC-insured savings and loan associations, with 425 branches and total assets of \$29,635,026,245. In 1987, there were 195 credit unions with total assets of \$1,936,349,965. **CONSTRUCTION/HOUSING** In 1980, the median value of homes occupied by owners in the county was \$55,400. Permits for new, single-family housing units increased 4% in 1987. There were 5,182 permits issued with a total construction cost of \$494,094,044. In Baytown, housing permits decreased from 42 in 1986 to 23 in 1987, with all of the permits issued for single-family housing. In Bellaire, housing permits increased from seven in 1986 to 19 in 1987, with all of the permits issued for single-family housing. In Bunker Hill Village, housing permits decreased from three in 1986 to one in 1987, with all of the permits issued for single-family housing. In Deer Park, housing permits increased from 136 in 1986 to 137 in 1987, with all of the permits issued for single-family housing. In El Lago, housing permits increased from 14 in 1986 to 22 in 1987, with all of the permits issued for

# COUNTIES

## HARRIS (continued)

single-family housing. In the Harris County unincorporated area, housing permits increased from 3,446 in 1986 to 3,540 in 1987, with 3,529 of the permits issued for single-family housing. In Hedwig Village, housing permits increased from none in 1986 to three in 1987, with all of the permits issued for single-family housing. In Houston, housing permits decreased from 1,047 in 1986 to 1,021 in 1987, with 1,008 of the permits issued for single-family housing. In Humble, housing permits decreased from nine in 1986 to four in 1987, with all of the permits issued for single-family housing. In Hunters Creek Village, housing permits increased from six in 1986 to 12 in 1987, with all of the permits issued for single-family housing. In Jacinto City, housing permits decreased from two in 1986 to none in 1987. In Jersey Village, housing permits increased from seven in 1986 to 12 in 1987, with all of the permits issued for single-family housing. In Katy, housing permits remained the same, from 12 in 1986 to 12 in 1987, with all of the permits issued for single-family housing. In La Porte, housing permits decreased from 84 in 1986 to 53 in 1987, with all of the permits issued for single-family housing. In Morgan's Point, housing permits remained the same, from one in 1986 to one in 1987, with all of the permits issued for single-family housing. In Nassau Bay, housing permits decreased from five in 1986 to four in 1987, with all of the permits issued for single-family housing. In Pasadena, housing permits decreased from 79 in 1986 to 77 in 1987, with 76 of the permits issued for single-family housing. In Piney Point Village, housing permits increased from nine in 1986 to 12 in 1987, with all of the permits issued for single-family housing. In Seabrook, housing permits decreased from 34 in 1986 to 23 in 1987, with all of the permits issued for single-family housing. In Shoreacres, housing permits increased from seven in 1986 to eight in 1987, with all of the permits issued for single-family housing. In South Houston, housing permits increased from four in 1986 to 11 in 1987, with all of the permits issued for single-family housing. In Southside Place, housing permits increased from none in 1986 to two in 1987, with both of the permits issued for single-family housing. In Spring Valley, housing permits increased from two in 1986 to five in 1987, with all of the permits issued for single-family housing. In Taylor Lake Village, housing permits increased from three in 1986 to eight in 1987, with all of the permits issued for single-family housing. In Tomball, housing permits decreased from 11 in 1986 to eight in 1987, with all of the permits issued for single-family housing. In Webster, housing permits remained the same, from two in 1986 to two in 1987, with both of the permits issued for single-family housing. In West University Place, housing permits increased from 92 in 1986 to 186 in 1987, with all of the permits issued for single-family housing. In Galena Park, housing permits remained the same, from one in 1986 to one in 1987, with all of the permits issued for single-family housing. Between 1970 and 1980, the number of housing units in the county increased 43.3%. In 1980, 91.9% of all housing units in the county were air conditioned, 64.3% were heated by gas, 35.2% heated by electricity and less than 1% heated by fuel oil or kerosene.

**NATURAL RESOURCES** Oil and gas, timber, celestite, iodine, lime, perlite, bentonite, strontium, hydrogen sulfide, gypsum, barite, vermiculite, sulfur, salt, clays, sand and gravel. In 1986, crude oil production totaled 9,378,036 barrels; natural

gas production totaled 26,397,486 thousand cubic feet; casinghead gas production totaled 41,150,916 thousand cubic feet; and condensate production totaled 451,529 barrels. According to the most recent survey, commercial forest land in the county covered 190 acres. Timber production in 1987 totaled 3,863,821 cubic feet of pine. **TOURISM** Travel expenditures of \$3,954,310,000 in 1986 (an increase of 1% from 1985) generated 69,804 jobs and \$959,113,000 in payroll. In 1985, there were 282 hotels, motels and tourist courts in the county. Convention/meeting facilities: Deerpark—Abshire Stadium, Houston—Albert Thomas Convention and Exhibition Center, Astro Hall, Brown Convention Center, Astro Dome, Delmar Stadium Complex, Summit Arena, University of Houston Hofheinz Pavilion and Robertson Stadium, Rice University Gym and Stadium, and 43 hotels with facilities for large gatherings. Pasadena—Convention Center Complex, Gilleys. **ALCOHOLIC BEVERAGES** As of August 31, 1987, the sale of mixed beverages and packaged distilled spirits was legal in all or part of the county. **MILITARY INSTALLATIONS** Ellington Field Air Guard Station, Houston, 1470 acres; Fighter Intercept Group, 1,278 personnel, 215 acres; La Porte Air National Guard Station, La Porte, Air National Guard Station, 119 personnel, 12 acres. **FEDERAL EXPENDITURES** The federal government had direct expenditures or obligations of \$5,528,627,000 in the county during fiscal year 1987, including \$565,872,000 by the U.S. Department of Defense. The federal government provided \$552,006,000 in grant awards, paid \$815,152,000 in salaries and wages, made direct payments to individuals totaling \$2,627,333,000 including \$1,767,678,000 in retirement and disability payments, awarded \$1,501,932,000 in procurement contracts and spent \$32,205,000 in other expenditures or obligations. The federal government also provided \$100,515,000 in direct loans and \$6,246,862,000 in guaranteed loans and insurance.

## COMMUNICATION

Newspapers: Daily—The Citizen (Clear Lake City); avg. morn. circ. 8,761 and avg. Sun. circ. 8,761. Houston Chronicle; avg. morn. circ. 441,557 and avg. Sun. circ. 538,232. The Houston Post; avg. morn. circ. 326,556 and avg. Sun. circ. 376,015. Pasadena Citizen; avg. eve. circ. 8,591 and avg. Sun. circ. 8,591. Weekly—Crosbyton Review (Crosby), Deer Park Progress, Forward Times, The Texas Tribune (Houston), Fort Bend Mirror (Missouri City), The Highlands Star, Humble Echo, The Bay Shore Sun (La Porte) and The Leader (Northwest Houston). Radio: KCOH-AM, KEYH-AM, KFMK-FM, KHCB-FM, KIKK-FM, KILT-AM, KILT-FM, KJYY-FM, KKBQ-AM, KKHT-FM, KLAT-AM, KLTR-FM, KMJQ-FM, KNUZ-AM, KQUE-FM, KODA-FM, KPFT-FM, KPRC-AM, KRBE-AM, KRBE-FM, KTRH-AM, KLLOL-FM, KTRU-FM, KTSU-FM, KUHF-FM, KXYZ-AM, KYOK-AM (Houston), KGOL-AM, KSBJ-FM (Humble); KIKK-AM, KJIC-FM, KKBQ-FM, KLV-LAM (Pasadena); KLEF-FM (Seabrook); KTBT-AM (Tomball). Television: KETH-CH.14, KHOU-CH.11, KHTV-CH.39, KPRC-CH.2, KRIV-CH.26, KTRK-CH.13, KTXH-CH.20, KUHT-CH.8 (Houston). Cable TV is available in the county. Local telephone service is provided by Central Telephone Company of Texas, Inc., Continental Telephone Company of Texas, General Telephone Company of the Southwest, Southwestern Bell Telephone Company and Fort Bend Telephone Company.

## TRANSPORTATION

Total public road mileage: 13,548. Interstate mileage: 143. U.S. Highway mileage: 115. State highway mileage: 140. City street and county road mileage: 12,826. Farm to market road mileage: 191. In 1986, there were 2,173,417 registered vehicles and 61,570 reported traffic accidents in the county, including 317 fatalities. Taxicabs: 29 companies in Houston, one company in Baytown, one company in Webster and one company in Spring. Mass urban transit: one bus system in Houston with scheduled routes. Intercity bus service is available. Motor freight: 748 carriers are based in the county. Passenger rail: Amtrak (Sunset Limited). Rail freight: 15 main lines and two branch lines. Of these, one carries up to one million annual gross tons, two carry one to five million annual gross tons, two carry five to 10 million annual gross tons, eight carry 10 to 20 million annual gross tons, two carry 20 to 30 million annual gross tons and two carry over 30 million annual gross tons. Aircraft: 2,814 are registered in the county. Airports: George Airport—services: fuel, taxi and repairs. Beaman Airport in Houston—services: fuel and repairs. Andrau Airpark in Houston—services: fuel, food and repairs. Clover Field in Houston—services: fuel, taxi and car rental. David Wayne Hooks Airport in Houston—services: fuel, repairs, car rentals and restaurant. Ellington Airport in Houston—services: fuel, car rental, food and lodging. Houston Gulf Airport—services: fuel, taxi, car rental and repairs. Hull Field in Houston—services: fuel, repairs, taxi and car rental. May Field in Houston—services: fuel and repairs. Weiser Air Park in Houston—services: fuel and repairs. Southwest Airport in Houston—fuel, repairs, courtesy car, taxi and limousine. West Houston Airport in Houston—services: fuel, repairs, courtesy car, taxi and limousine. William P. Hobby Airport in Houston—services: fuel, repairs, car rental, limousine, taxi, restaurant and lodging. Houston Intercontinental Airport—fuel, repairs, food, lodging and transportation. La Porte Municipal—services: fuel and repairs. Also serving the area is the Allen Center Heliport in Houston, the Greenway Plaza Heliport in Houston, the Citizens General Hospital Heliport in Houston, the Herman Hospital Heliport in Houston, the No Name Pad in Houston, the Medical Center Heliport in Houston, the Powers Air Airport/Heliport in Houston, the Regency Square Helistop in Houston, the Pearland Heliport, the Strock Farms Heliport in Spring, the Community Hospital Heliport in Tomball, and Hickory Hollow Heliport in Tomball and the Hooks Memorial Seaplane Base in Houston. In 1986, Houston Intercontinental Airport and William P. Hobby Airport enplaned approximately 104,532 revenue tons of cargo and mail. Waterborne commerce: Cedar Bayou traffic totaled 218,608 short tons. Houston Ship Channel traffic totaled 20,669,169 short tons which included 23,579,259 short tons in imports and 17,704,676 short tons in exports.

## COMMUNITY SERVICES

**PUBLIC EDUCATION** There are 20 school districts, with 34 elementary, 79 middle, 35 junior high, one first-to-twelfth and 85 senior high schools. There are seven special education and three vocational technical schools. In 1986-87, there were 12,724 students enrolled in the county's public schools and the average daily attendance was 471,369, with average expenditures per pupil of \$3,401. There are 19,818 classroom teachers, with an average annual salary of \$26,600.

Approximately 58% of the 24,855 high school graduates in 1987 planned to attend college. In 1986-87, about 46% of the students were White, 25% Black, 25% Hispanic and 4% Asian/Pacific Islander. State high school sports championships: Cypress Fairbanks (Houston) Class 5A Girls' Volleyball, La Porte, Class 5A 1986-87 Boys' Basketball, Cypress Creek (Houston) 1986-87 Girls' Swimming, Humble Kingwood, Class 5A 1986-87 Boys' Team Golf. **NONPUBLIC EDUCATION** In 1985-86, there were 33,397 students enrolled in 101 elementary, 30 secondary and one special education schools. **HIGHER EDUCATION** South Texas College of Law is located in Houston. Established in 1923, it is a private non-profit institution. In fall 1986, enrollment was 1,219, with undergraduate tuition per semester of \$63. The highest degree offered is First Professional Degree. Texas Southern University is located in Houston. Established in 1947, it is a state supported institution. In fall 1986, enrollment was 7,004, with in-state undergraduate tuition per semester of \$442. The highest degree offered is Doctorate. University of Houston-Clear Lake is located in Houston. Established in 1971, it is a state supported institution. In fall 1986, enrollment was 6,691, with in-state undergraduate tuition per semester of \$427. The highest degree offered is Doctorate. University of Houston-Downtown is located in Houston. Established in 1948, it is a state supported institution. In fall 1986, enrollment was 7,255, with in-state undergraduate tuition per semester of \$445. The highest degree offered is Bachelor. University of Houston-University Park is located in Houston. Established in 1927, it is a state supported institution. In fall 1986, enrollment was 29,042, with in-state undergraduate tuition per semester of \$420. The highest degree offered is Doctorate. The University of Texas Health Science Center at Houston is located in Houston. Established in 1943, it is a state supported institution. In fall 1986, enrollment was 2,665, with in-state undergraduate tuition per semester of \$308. The highest degree offered is Doctorate. Baylor College of Medicine is located in Houston. Established in 1903, it is a private non-profit institution. In fall 1986, enrollment was 921, with undergraduate tuition per semester of \$2,400. The highest degree offered is Doctorate. Houston Baptist University is located in Houston. Established in 1960, it is a private institution affiliated with the Southern Baptist Church. In fall 1986, enrollment was 2,596, with undergraduate tuition per semester of \$1,902. The highest degree offered is Master. Rice University is located in Houston. Established in 1891, it is a private non-profit institution. In fall 1986, enrollment was 3,877, with undergraduate tuition per semester of \$2,575. The highest degree offered is Doctorate. University of St. Thomas is located in Houston. Established in 1947, it is a private institution affiliated with the Catholic Church. In fall 1986, enrollment was 1,674, with undergraduate tuition per semester of \$2,045. The highest degree offered is Master. Houston Community College System is located in Houston. Established in 1971, it is a community college. In fall 1986, enrollment was 21,168, with in-state undergraduate tuition per semester of \$375. The highest degree offered is Associate. Lee College is located in Baytown. Established in 1934, it is a community college. In fall 1986, enrollment was 4,348, with in-state undergraduate tuition per semester of \$147. The highest degree offered is Associate. North Harris County College District is located in Houston. Established in 1972, it is a community college. In fall 1986, enrollment was 11,351, with in-state undergraduate tuition per

border crossing is in the middle of downtown, and to check each automobile would create massive traffic tie-ups 24 hours a day. The checkpoint is so busy, city planner Florencio Peña noted with a smile, that downtown Brownsville should never suffer the abandonment that other central cities have experienced. The U.S. government issues more or less permanent visas to Mexican border area residents who can prove they have permanent ties to their home country, and thousands of Mexicans travel legally across the border each day to shop, work, visit relatives, and seek services unavailable in Mexico. Illegal immigration aside, local officials in the border area occasionally complain about the added expenses for health care, police, and schools (which they believe the federal government should pay). But it's hard to find a local government official favoring any policy that would seal the border in any way. The 1982 Mexican peso devaluation revealed how totally dependent the border is on policies made far away. Laredo, which had processed 26 percent of U.S.-Mexican trade, looked like a ghost town, while the U.S. Border Patrol reported massive increases in the number of illegal alien arrests.

*Houston: Boom Town on the Bayou*

1983

"Houston," architectural critic Ada Louise Huxtable wrote a few years back, "is the city of the second half of the 20th century. Houston even requires a new definition of urbanity."

The city of which Huxtable was writing fascinates architectural and social critics with its dynamism and repels them with its physical and human chaos. Its growth has been fantastic. In the 1970s, Houston and its suburbs added 906,034 people, more than any other U.S. metropolitan area. Some of that growth was due to a broadening of the metro area, but one suburban county expanded by 160 percent, and the city of Houston alone grew 29.2 percent, adding 360,551 through population growth and annexations. The *Philadelphia Inquirer* determined that Houston passed Philadelphia to become America's fourth-largest city on August 5, 1981. Houston's superheated oil refining-manufacturing-management-shipping economy created over 670,000 jobs in the '70s.

Houston, alone among major U.S. cities, has had no zoning laws. Only freeways seem to hold the city together. Houston annexed so aggressively (until the U.S. Justice Department ruled it was diluting the minority vote) that it mushroomed into a 557-square-mile monster. The downtown has been described as "27 significant buildings surrounded by trivia": vacant lots, parking lots, and no-man's land. Houston's wealth has turned it into a skyscraper laboratory and attracted architects such as Philip Johnson, John Burgee, I.M. Pei, Cesar Pelli, and Kohn Pedersen Fox. The Galleria, a 20th-century interpretation of the famous 19th-century galleria in Milan, Italy, won the Urban Land Institute's excellence award for its exceptional achievement in mixing offices, department stores, a shopping mall, and an olympic-sized skating rink. Houston reveals some splendid embellishments, including the Houston Civic

Center with its convention hall and the celebrated Alley Theater, a pioneer in the regional theater movement, the building designed in a free-flowing, castlelike style of sandblasted concrete with nine great turreted towers. Houston, *The New York Times*' Paul Goldberger has written, "has an almost exhilarating sense of freedom—new things are tried here with an eagerness that would never be found in New York—but it is all at a price. What Houston has not managed to do is give itself a cohesive form."

The irony of it all is the location. Beset by fantastic heat and humidity, Houston was just a mosquito-infested, muddy tract of land near the sluggish Buffalo Bayou in 1836 before two New York real estate developers, the Allen brothers, paid a dollar an acre to buy it from the widow of the great Texas settler, John Austin. The late Marvin Hurley, executive vice president of the Houston Chamber of Commerce, cheerily observed that it was "the most inhospitable place to start a city that anyone could have found." Air conditioning takes the worst edge off that condition, and no one thinks of Houston as a sleepy bayou town anymore. Instead, Houston is spoken of as a remarkably open, young, informal, progressive city—a place that revels in the conspicuous consumption of its new wealth.

Houston's significant 20th-century development began with the Houston Ship Channel, opened in 1914, which snakes through some 50 miles of bayou, river, and Galveston Bay shallows to the Gulf of Mexico. The channel is deep and wide enough for large oceangoing ships, and the port of Houston, measured by tonnage, is exceeded only by New York and New Orleans. The deepwater port makes Houstonians advocates of national free trade policy, and many foreign countries have located consulates there.

Spindletop made Houston a big oil center, and the visitor need only glance at the names on the skyscrapers of downtown Houston to see who's there now: Gulf, Shell, Texaco, Conoco, Exxon, Tenneco, among others. The logic in all this is that Houston's service area, at least 600 miles in circumference, produces most of America's oil. Oil was a huge business before World War II, but then came the great petrochemical thrust of recent decades, mixing oil, gas, sulphur, and salt with other chemicals to produce a broad range of plastics and synthetic materials. The results were both a vast new wealth and vile pollution in the ship channel, the bottom lined with a putrid sludge, the surface frequently covered with floating grease, oil, debris, and colored chemicals. In the early 1970s came the government-ordered cleanup that industry would never have agreed to voluntarily. It was such a success that by the end of the '70s, dolphins had returned to the channel's lower reaches, and fish, including tarpon, were seen as close as five miles to the head. But between the chemical plants and Houston's armies of autos, air pollution was still a serious problem.

Oil and chemicals' dominance notwithstanding, Houston's economy is not of the single-track variety. It is what the economists call "vertically integrated": oil and gas are at the base, topped by succeeding layers of petrochemicals, metal fabrication, and food processing. U.S. Steel runs America's largest and most automated steel works here. Houston and its port, the country's

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number one wheat exporter, are also important in cattle and rice. To all of this one must add some of the nation's most advanced medical services, including the Texas Medical Center (where the Drs. Michael DeBakey and Denton Cooley pioneered heart transplant techniques), the Johnson Space Center, and finally the big law firms that end up negotiating, arbitrating and processing the million and one deals, from downtown buildings to oil leases and shipping arrangements, that keep Houston humming.

There is also a substantial Arab presence. "What New York has long been to Israel and Jews, Houston has become to the Saudis," the *Washington Post's* Dan Balz has reported. Saudi Arabia became Houston's number one trading partner through oil and construction contracts with Texas' Brown and Root and other engineering and architectural firms there.

"Growing, growing, growing, that's Houston," was the way publisher Jesse Jones, the renowned "Mr. Houston," used to sum up the city before his death in 1956. Some demographers have estimated that Houston may have hit its peak in 1978 and ended a period of explosive growth that was similar to the development of New York and Los Angeles earlier in this century. But large-scale plans for massive skyscrapers, shopping-office complexes, and new residences continued into the 1980s. On the drawing boards was a glittering skyscraper designed by Chicago architect Helmut Jahn in a style reminiscent of the Chrysler Building in New York. Its 82 stories, a focal point for the city, would top all other Texas buildings—indeed all but five in the world.

The Houston establishment has fueled the perpetual boom with a pro-business attitude that has made land, construction, and operating costs cheaper than in any other major world city. The establishment was in its prime when it began truly Texas-sized projects, such as the Astrodome, the world's first all-purpose air-conditioned domed stadium,  $4\frac{1}{2}$  times the diameter of Rome's Colosseum.

In its commitment to unfettered free enterprise and individualism, Houston has created a horrendous urban mess. The city's streets and highways are the stuff of nightmares. As 1,000 new vehicles arrived in town each week, Houston became known as the pothole capital of the world. In 1978 it was estimated that 25 percent of the city's streets were unlighted and some 400 miles of streets unpaved. Traffic jams became so legendary that out-of-town travelers told seemingly fantastic, but true stories of arising several hours early to get to the airport on time. Finally, in the late '70s, Houstonians by referendum approved a sales tax to build a mass transit system expected to carry 250,000 passengers a day.

Establishment worries about intolerable congestion and pollution were mounting in the '70s. Then, in 1981, Houston voters sent a resounding signal that they wanted a reversal of course by electing as mayor, Kathy Whitmire, the 35-year-old city controller. Whitmire did not oppose growth per se but suggested it (and Houston) could be managed a lot better. Yet for Houston to elect a young, progressive, acknowledged feminist was nearly revolutionary. In 1982, the city passed its first limited land-use planning law.

Whitmire also faced grave police problems. She received election support

from Houston's blacks (27.6 percent of the population), Hispanics (17.6 percent), and gays, who have become one of Houston's most organized political forces. All three groups clamored for reform of the police department, nationally notorious for its brutality. Houston's count of fatal shootings by police was twice the national average, and national black and Hispanic groups had taken several celebrated police brutality cases to the U.S. Justice Department. The police department in the early 1980s was still only 8 percent black and 8 percent Hispanic. Whitmire shook things up by hiring as police chief Lee P. Brown, the highly respected Atlanta public safety commissioner. The Houston Police Officers Association lobbied against Brown, but he was sworn in as Houston's first black chief of police in April 1982.

Minorities have had a love-hate relationship with Houston. Many rural blacks and Hispanics have moved there and found the greatest economic opportunity of their lives—even holding Houston's lowest rung jobs. Houston effectively froze minorities from political power until 1978 when the Justice Department, under the federal Voting Rights Act, ordered the City Council restructured into single member districts. The Texas House of Representatives, however, had adopted single-member districts in 1972. Perhaps the most eloquent of Houston's new council types was Ben Reyes, a Chicano who gave up a state legislature seat he had held for eight years to run for the council and to address dire conditions of poverty and decaying public facilities he alleged the Houston establishment had swept under the rug. Houston, Reyes argued, had grown topsy-turvy because a small group of developers and bankers "reaped tremendous profits at the expense of the masses." Firms such as Exxon and Shell, he said, got tax breaks to locate in Houston; industrial firms set their own real estate valuations for taxation at laughably low levels. So if the masses are asked to cough up more taxes while such big downtown firms as Exxon and Shell get tax breaks, Reyes told us, the response would be "Go to hell—we've been denied even a semblance of city services."

Houston's establishment was most shocked to discover the city was becoming a mecca for gays (former Mayor Jim McConn lamented; "What are we doing wrong?"). But gay activist leaders reported that Houston was much more tolerant—and sophisticated—than its frontier image suggested, and by the early 1980s, the gay population was estimated at 250,000. The electoral power of the Houston Gay Political Caucus was first demonstrated in the 1979 council elections when longtime councilman Frank Mann used vile and abusive language to depict homosexuals. The gays' telephone banks and door-to-door canvassing were credited with the election of his opponent, Eleanor Tinsley, who had endorsed homosexual rights and became one of the first two women elected to the Houston City Council.

Despite its general planning chaos, Houston has some very nice neighborhoods. A premier U.S. residential subdivision and the most prestigious Houston neighborhood is River Oaks, close to downtown. The irony is that River Oaks was planned very carefully by architects and planners hired by Will Hogg, son of the famed governor; its homeowners' association—composed of some of America's strongest opponents of restrictions on free enterprise—

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Other interesting neighborhoods include the Montrose area, which comes closest to being Houston's Greenwich Village (improving itself through a *lack* of zoning in the '70s as a wild melange of residences, artsy shops, homes turned into restaurants, banks, and gas stations flourished without restrictive zoning codes to cope with); South MacGregor, a formerly Jewish and now proud middle-class black area; and Magnolia, Houston's oldest Mexican-American barrio, home to generations of industrial workers. But thousands of blacks and Mexican-Americans occupy the worst slum areas, such as Sunnyside, Third Ward, and Acres Homes. Here are found pockets of the classic Southern slum dwelling: the shotgun house. Minority politicians complain city negligence is responsible for flooding, sewer backups, unpaved streets, and the rusting refrigerators and abandoned autos that rot in front of dilapidated frame houses and provide nesting places for rats.

A few miles north of Houston there is even a planned community, the Woodlands, the only unqualified success story among those the federal government guaranteed in the early '70s. The success of the Woodlands was apparently due to Houston's good times and the patience of its developer, oil man George Mitchell. The Woodlands, with 12,000 residents in the early '80s, is expected to reach 160,000 by the turn of the century.

Houston has two powerful, separately owned and operated newspapers: the *Post* (A.M.) and *Chronicle* (A.M. and P.M.). The *Chronicle* is owned by Jesse Jones' legacy, the Houston Endowment, Inc., which has substantial interests in downtown office buildings, hotels, oil royalties, ranchland, and blue chip stocks. The *Post* is the domain of that attractive and forceful woman Oveta Culp Hobby, who served in the Eisenhower cabinet. Her son, William P. Hobby, Jr., served ably as executive editor of the *Post* before winning election as lieutenant governor in 1972. Because the lieutenant governor's job in Texas is only part-time (a unique situation among the megastates), Hobby was also able to assume the reins as the *Post*'s publisher.

### *Dallas-Fort Worth: The Metroplex*

Dallas was the city born with a wooden spoon in its mouth. Its location was remote, it had no port or access to the sea, the farmland about it was not particularly fertile, and neighboring Fort Worth soon monopolized the Western cattle trade. Nor have oil or gas ever been found beneath Dallas. But cotton buoyed the city's early economy after the railroads were bribed or forced to divert their tracks through the town. When the East Texas oil field opened in the 1930s, Dallas quickly cashed in as banker for the operation. Hundreds of Dallasites became millionaires, and the huge capital reserves created were then available to finance more exploration for oil and diversification into such fields as insurance and electronics manufacture. Dallas also became a great gateway for Southwestern trade, leading the region in banks, distribution, and even fashion.

# TEXAS TODAY

Beginning in 1959, Texas has continued to check rainfall for acidity and alkalinity. In 1986, the state's continuous acid precipitation program monitored rainfall at 18 different sites throughout the state. Besides monitoring rainfall in East Texas, the Texas Air Control Board also studied the effects of rainfall on vegetation in the area. While noting that no part of the state currently has an acid rain problem, the study shows that East Texas does show potential of having a problem with acid rain in the future. The upper Gulf Coast and the lignite belt of East Texas are the two greatest sources of sulfur dioxide (suspected as a major cause of acid rain) in Texas. Texas has embarked on several programs to protect the natural environment, preserving the state's valuable resources for future generations.

## THE PEOPLE

Throughout much of its history, Texas has attracted a variety of people from across the nation and around the world to its borders. As a result, Texas' population has increased dramatically each decade since its first federal census in 1850. Even during the lean years of the Great Depression, people came to Texas in hopes of realizing their dreams. In mid 1987, with an estimated population of 16,789,000, the Lone Star State ranked third in the nation, having risen from fourth place in 1980. Since 1940, the percentage gain in the number of people residing in the state has risen at a healthy rate, with the period from 1960 to 1970 recording the smallest average annual gain of 17 percent. The boom years of the 1970s witnessed an annual population growth of 27 percent, a trend which continued into the early 1980s. For the first three years of the 1980s, Texas' population grew at an annual average rate of 10.8 percent. However, when the price of oil plummeted in 1983, Texas' slower economic pace caused the rate of migration to the state to slacken. Still, Texas is growing at a faster rate than the nation, with an annual average percentage change of 1.8 percent since 1983, compared to only one percent for the country as a whole. From July 1986 to July 1987, Texas' population increased by 100,000 individuals. The U.S. Bureau of the Census predicts that Texas' population will continue to grow into the twenty-first century, exceeding 22 million by the year 2010. The bureau also estimates that, within the next seven years, Texas will become the second most populous state in the Union. Throughout the years, people of varying backgrounds and cultures have been attracted to the Lone Star State. Texas' southern heritage can be traced largely to the many settlers from the South, particularly Alabama, Georgia, Louisiana, Mississippi, Missouri and Tennessee. During the 1800s, settlers from the southern states comprised the majority of the Lone Star State's new arrivals. In the eastern and coastal areas of the state, nineteenth century southern homes still exist, with their huge verandas and numerous trees. Although less pronounced than in Alabama and Mississippi, a southern drawl is still quite common in Texas. During the antebellum period, Germans settled in the Hill Country around New Braunfels, giving the area its decidedly German atmosphere. German beer and sausages are still much enjoyed when Wurstfest begins in Texas in October. Other small Texas towns, such as West with its Czechoslovakian heritage, still exude an old-world atmosphere. From the Hispanic defenders at the Alamo, to the vaqueros of the 1870s and 1880s, to the vast number of Hispanic residents found across the state today, Hispanics have left

their cultural mark on Texas. As a group, Hispanics in Texas have grown into an influential political, social and economic bloc, and, in many ways, Hispanic voters are changing the face of politics in southern Texas. The phenomenal growth of the Hispanic community can be illustrated by the fact that German-Americans outnumbered Hispanics in San Antonio in 1870, but, by 1980, the number of Hispanics living in San Antonio exceeded 600,000, comprising 68 percent of the city's population. One of the most noticeable Hispanic influences in Texas is in the names of places. From the Rio Grande and Sabine rivers, to cities such as Amarillo and Corpus Christi, Spanish names abound. Even the state's name, "Texas," is a derivative of the Spanish word, "tejas," (which Spanish explorers had, in turn, derived from the Caddo Indian word, "tayshas") meaning "friends." In 1980, the state's Hispanic population was concentrated primarily in the southern and western portions of the state, the Lower Rio Grande Valley and the Middle Rio Grande Valley. Conversely, northern Texas had the least number of Hispanic residents. In 1980, the counties bordering the Rio Grande had a Hispanic population of at least 30 percent, while the counties of central western Texas had a Hispanic population of 20 percent and higher in some areas. The U.S. Bureau of the Census estimated that between 1980 and 1985, Texas' Hispanic population increased 23.2 percent, and that, by the year 2000, Hispanics will comprise 26 percent of the state's population. The bureau also expects that, by the year 2030, Texas' Hispanic and other ethnic groups will make up 50 percent of the state's population. The Black population in the state is concentrated in East Texas and North Central Texas, with the least number of Black residents living in Hispanic-dominated areas. Near the cities of Beaumont and Port Arthur, Blacks comprise approximately 22 percent of the population. In 1980, Blacks comprised 12 percent of the state's total population. The Bureau of the Census estimates that the percentage of Blacks living in Texas, by the year 2000, will remain constant at approximately 12 percent. In 1980, the Dallas/Fort Worth metropolitan area and the Houston metropolitan area were the two locations of the state with the greatest concentration of people, each having approximately 200 people per square mile. The Austin and San Antonio areas and the area around Brownsville and Harlingen each showed a population density of between 100 and 199 people per square mile. The least densely populated area of the state in 1980 was the Panhandle (excluding the Lubbock area) and western Texas, where the population density was less than 25 people per square mile. According to the 1980 Census, Dallas County was the most densely populated in the state, with 1,769 people per square mile. Harris County was a close second, with 1,389 people per square mile. In 1980, the least populated county in the state was Loving County, with 0.1 people per square mile. Between 1980 and 1985, the median age in Texas has increased by approximately 1.1 years, from 28.2 in 1980 to 29.3 in 1985. The average number of people per household was 2.82 in 1980. By 1985, that number was 2.79, marking a decline in the number of people per household.

**VOTER PARTICIPATION** Texas is no longer home to one political party or political philosophy, although it may still be considered somewhat more conservative than the rest of the nation due to its tradition as a conservative Democratic stronghold. Today, Texas, with a population of nearly 17 million people, is like a miniature United States, whose residents

possess both regional party loyalties and political biases. Democrats still dominate the political landscape in East Texas, where so-called "Yellow Dog" Democrats (people reputed to vote for anyone with a Democratic label) demand intense party loyalty. The Golden Triangle—the Beaumont-Port Arthur-Orange area—still maintains a strong Democratic following, due in large part to the presence of organized labor. In the Rio Grande Valley, the large number of Hispanic residents have made it a third area of Democratic strength. Republicans also have their own areas of strength in the state. In the Hill Country and in the oil fields of West Texas, the conservative viewpoints of residents have traditionally made the two areas Republican enclaves. A third area of Republican support in Texas is found in the Panhandle, where a sparsely populated group of farmers and ranchers have traditionally followed a conservative policy. Until recently, Republicans lacked the number of people to seriously threaten the hegemony of the Democratic party in Texas. Due to the large number of people moving into Texas in the 1960s and 1970s, the suburbs of Dallas, Fort Worth and Houston have become home to thousands of Republicans. Their votes, combined with the votes from Texas' three traditional areas of Republican strength, have helped to make Texas a two-party state. This fact was readily apparent in 1979 when Texans elected their first Republican governor since Reconstruction. Republicans have also made huge strides in obtaining state and federal offices. In the 1960s, only one Republican (the representative from Midland) was seated in the Texas House of Representatives. In contrast, the 70th Texas Legislature (1987-1989) consists of 94 Democrats and 56 Republicans in the House and 25 Democrats and six Republicans in the Senate. Texas' 1988 congressional delegation consists of one Republican senator, one Democratic senator, 10 Republican congressmen and 17 Democratic congressmen. In 1905, the state legislature passed the Terrell Election Law, which required political parties to hold party primaries if their gubernatorial candidate received more than 100,000 votes in the previous election. The legislature later amended the law, raising the number of gubernatorial votes to 200,000. Since 1906, Democrats have held party primaries for every general election, while the Republicans have held primaries only in 1926, 1930, 1934, 1954, 1958 and the election years of 1962 through 1986. In 1986, only 545,745, or 6.86 percent of all registered voters, cast a ballot in the Republican gubernatorial primary. Conversely, 1.09 million Democrats, or 13.79 percent of registered voters in Texas, voted in their party's gubernatorial primary. For the first time in the state's history, the 1988 Texas' primary was held in March instead of May. May became primary month in Texas in 1960 when Texas Democrats in the legislature voted to move the primary from July to May to help favorite son Lyndon B. Johnson in his bid for the White House. On March 8, 1988 (so-called "Super Tuesday"), a record number of Texans went to the polls to cast their ballots for state and national offices. A total of 2.76 million people out of approximately 7.88 million registered voted, surpassing the previous primary election high of 2.3 million voters recorded in 1972.

A record Republican turnout helped to bolster total state figures, as 1.02 million Republicans cast ballots in their party's primary. On the Democratic side, 1.74 million voters made it to the polls to cast ballots. In the Democratic presidential

primary, Texas cast 32.7 percent of its Democratic votes for Michael Dukakis, 24.5 percent for Jesse Jackson, 20.3 percent for Albert Gore, 13.6 percent for Richard Gephardt, 4.7 percent for Gary Hart, two percent for Paul Simon and 0.7 percent for Bruce Babbitt. In the Republican primary, George Bush captured a majority of the votes, receiving 63.5 percent of the Republican vote. The remaining votes were divided among the Republican challengers, with Pat Robertson receiving 15.2 percent of the vote, Robert Dole receiving 13.8 percent, Jack Kemp receiving 5.6 percent, Pierre DuPont receiving 0.4 percent and Alexander Haig receiving 0.3 percent. Regionally, no Democratic presidential candidate swept the state. In the Panhandle, with its traditional conservative leanings, Democratic voters turned to Albert Gore, giving the junior senator from Tennessee 28.7 percent of the vote. Michael Dukakis finished second with 26.7 percent of the vote. In North Central Texas, Dukakis was the leader with 27.7 percent of the vote, followed closely by Jesse Jackson with 26.1 percent. In the Democratic stronghold of East Texas, Dukakis and Gore both received 26.9 percent of the vote, while Jackson received 21.7 percent. In the Upper Gulf Coast, with its greater concentration of Black residents, Jackson captured first place with 37.1 percent of the votes cast, Dukakis was second with 30.9 percent and Gore was third with 14.6 percent. The large Hispanic population in the Valley and South Texas contributed to Dukakis' majority, with 45.5 percent of the vote. Jackson received 20.3 percent. In Central Texas, Dukakis and Jackson repeated their first and second place finishes, with 34 percent of the vote and 24.6 percent, respectively. The Democratic voters in West Central Texas cast 31.6 percent of their votes for Dukakis, 27.1 percent for Gore and 21.2 percent for Richard Gephardt. In the Trans-Pecos region, Texas Democrats cast 38.7 percent of their votes for Dukakis, 21.3 percent for Jackson and 16.4 percent for Gephardt. Republican candidate George Bush, on the other hand, received a majority of the Republican votes in all eight Texas regions, ranging from as high as 72.1 percent in the Upper Gulf Coast to as low as 54.5 percent in East Texas. Since 1960, a majority of Texas voters have cast their ballots for a Republican presidential candidate only three times—Richard Nixon in 1972 and Ronald Reagan in 1980 and 1984. In the presidential election of 1980, about 68 percent of the registered voters in Texas went to the polls, with approximately 55 percent voting Republican and 45 percent voting Democrat. In the 1984 presidential election, Reagan carried the state, receiving 63.6 percent of the vote. Voter turnout that November was 68.3 percent of the registered voters.

## THE ECONOMY

If Texas were an independent nation, its economic output would place it 13th among the economies of the world, with a gross national product of nearly \$300 billion. Consumer spending has made Texas one of the top consumer markets in the United States. In 1985, Texas retailers and consumers exchanged over \$100 billion in money and merchandise. The total value of retail sales in the state has continued to rise since 1979. In that year, retailers in Texas grossed over \$63 billion in sales. By the end of 1986, retailers had seen their sales increase to over \$103 billion. In 1987, Texas Senate Bill 85 required the comptroller's office to estimate the worth of the state. In the first report of its kind in Texas history, the comptroller of public accounts estimated that the State of

# TEXAS TODAY

Texas was worth \$43.8 billion on August 31, 1987. The report was based on such items as regular payments to the state, the value of state-owned land and buildings and the long-term debt of the state. The Texas work force, numbering 7.6 million in March 1988, has continued to grow, despite the economic downturns of the 1980s in the United States as a whole and in Texas. From 1970 to 1987, the state's employment growth rate was 76.3 percent. While the number of business starts have declined since 1985, businessmen are still willing to invest their time and capital in financial ventures in the Lone Star State. Through the first 11 months of 1987, an estimated 17,141 business starts were recorded in the state. Texas has also continued to attract out-of-state firms to the state. In 1988, J.C. Penney Company, Incorporated, relocated its corporate headquarters to Plano, just outside of Dallas. Nations of the world are also interested in Texas. Located halfway between the international markets of the Far East and Europe, Texas has routinely ranked second in the nation in the number of its exports. In 1983, exports manufactured in Texas totaled nearly \$12 billion. From 1982 to 1985, the value of Texas agricultural exports had been around \$2 billion annually, with the biggest dollar commodity being cotton. Nearly one-half of the nation's farm exports leave through Texas ports. As a result of the state's ties to the international economy, over 90 foreign nations have opened a consulate or trade office in Texas. Non-stop air travel from the state's international airports to destinations throughout the world have made the state accessible to the world's business community. In the Dallas/Fort Worth area, for instance, the Dallas Chamber of Commerce estimated that in early 1988 individuals from at least 32 countries owned nearly 490 companies in the area. Foreign investment in the state reached approximately \$3 billion in 1985. Employing nearly 20 percent of the state's work force, agribusiness in Texas was estimated to have generated \$30 billion in agricultural products in 1986. Texas is the nation's leading producer of cattle and calves, sheep and wool, goats and mohair, and a variety of farm products, including cotton, cabbage and spinach. Three of the hardest hit sectors of the Texas economy in the mid 1980s were the oil and natural gas industry, the construction and housing industry, and the banking industry.

Optimism regarding the economy in Texas in the early part of the decade was based in part on the price of oil and its subsequent effect upon building and banking. Texan's high expectations increased, as they watched the price of oil increase from \$21.75 in 1980 to \$34.59 in 1981. Over the next five years, however, the price of oil fell sharply, settling around \$14.72 in 1986. Employment in the mining industry (a category which includes oil and gas) fell from 303,000 persons in 1983 to 181,000 persons in 1987. Bankers, at first, weathered the economic downturn in the oil and gas industry by switching to loans for new homes and retail construction. In 1982, contractors in Texas received over 200,000 new housing permits and employed 431,000 construction workers. The number of total housing permits reached its highest level in 1983 at 272,376. However, by 1986 the number of housing permits had dipped to 96,763. Retail construction proceeded at a similar pace. In 1986, however, real estate developers recognized that they had overdeveloped the state's major urban areas at a time when the state's economy was sliding into a recession. In the second quarter of 1987, the percentage of unoccupied

office space in the state's two largest cities increased compared to the same quarter in 1986. In Dallas, the percentage of office space unoccupied increased nearly 10 percent to just over 38 percent, and Houston's office space vacancy rate increased nearly five percent to almost 31 percent. As the economy worsened in 1986 and early 1987, the number of real estate sales and real estate loans decreased in many areas of the state, while the number of foreclosures increased. In Harris County, the number of foreclosures increased 16 percent from 1986 to 1987, although the number of real estate sales increased seven percent during the same period. In Dallas County, the number of sales decreased 34 percent and the number of foreclosures increased 283 percent. By 1987, only 346,000 workers were employed in the construction industry. In 1986, the banking industry in Texas was forced to deal with the economic realities which troubled the state. With the number of non-performing real estate loans increasing statewide to approximately 12 percent in 1987, many banks and savings and loan associations found themselves in financial difficulty and either closed their doors or sought protection from the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. However, by the end of 1987, most state officials believed that the state had weathered the storm successfully and that the economy was on the road to recovery. While the unemployment rate still hovered in the 7.9 percent to 8.7 percent range in the first two months of 1988, the number of those employed was estimated to be 7.6 million in February 1988, an increase of nearly 1.3 million people employed since 1980. Most of the new jobs created in the state since 1982 have occurred in the service sector, which employs nearly 77 percent of all working Texans. The reputation of the many outstanding colleges and universities located in Texas continues to grow, attracting worldwide attention in the fields of medical and technological research and planting the seeds for future economic growth and diversification in the Lone Star State.

**AGRICULTURE** The agricultural industry in Texas is strong and healthy. While agriculture's domination of the Texas economy is no longer possible, it still is one of the most important industries in the state. Agribusiness (defined as the production, processing and marketing of agricultural products and the manufacture of agricultural equipment) employs approximately 20 percent of the state's work force. Other businesses, such as financial institutions and retail establishments, serve the farmer and rancher and depend upon agribusiness for their livelihood. According to 1986 Texas Agricultural Extension Service estimates, agribusiness added over \$30 billion to the state's economy, including \$9.28 billion in cash receipts. Because of Texas' varied landscape, along with its wide range of weather conditions, the state has consistently produced a diverse assortment of crops and livestock. As a result, the Lone Star State has consistently been the nation's leading producer of cattle and calves, sheep and wool, goats and mohair, spinach, cotton and cabbage. Texas also ranked first, in 1986, in the value of farm real estate, with the average price per acre for land and buildings averaging \$552. The state was also first in the number of farms and ranches, with approximately 160,000 farms that averaged 838 acres. The largest ranch in Texas is the King Ranch, situated on 823,000 acres in four counties—Kenedy, Kleberg, Nueces and Willacy. Through its research in animal husbandry, the

King Ranch bred the Santa Gertrudis, the first strain of cattle to have been developed in the Western Hemisphere. Farmers and ranchers living in the Panhandle and the South Plains accounted for approximately 33 percent of the state's total agricultural output in 1986. Conversely, the least productive agricultural areas in the state were West Texas and West Central Texas, which accounted for only about six percent of the state's total cash receipts. One reason for the Panhandle's and the South Plains' high level of agricultural productivity is the Ogallala Aquifer, which provides a constant source of underground water available for irrigation and cattle tanks. The cattle industry in Texas is big business. With 13.6 million head of cattle in 1986, Texas had 13 percent of the nation's cattle herd and 16 percent of all beef cows. The sale of cattle and calves in 1986 produced an estimated \$4.1 billion in revenue, nearly 44 percent of the state's total cash receipts. The Texas Agricultural Extension Service estimated that the beef cattle industry had a statewide economic impact of \$14 billion. In 1986, the Panhandle was the largest beef producing region in the state, with an estimated production value of \$1.29 billion. The South Plains was the next largest beef producing region in the state, with \$1.16 billion. Because of the extreme variations in Texas' weather, ranching in Texas can be uncertain. Ranchers in South and West Texas were in the grips of a devastating drought in early 1988. The lack of adequate rainfall during the winter months had reduced the amount of grazing pastureland, and, as a result, the average weight for cattle had fallen from a normal weight of 600 pounds to approximately 400 pounds. By May 1988, a total of 19 South and West Texas counties, including three counties in the Rolling Plains, had sought drought aid from the state. The second leading agricultural commodity produced in the state is cotton, accounting for eight percent of the gross agricultural receipts for 1986. Historically, the leading producer of cotton in the nation since the late nineteenth century, Texas' 1986 cotton crop grossed \$772 million, down 22 percent from the 1985 total of \$993 million. Officials attributed the decline in cotton production to a 25 percent decrease in the number of acres planted and a lower cotton yield per acre. In 1986, Texas cotton farmers harvested 3.45 million acres of Upland cotton and 26,200 acres of Texas Pima cotton, resulting in over 2.5 million bales of cotton. Since 1981, Texas' total cotton output has fluctuated from a high of 5.6 million bales in 1981 to 2.4 million bales in 1983. Texas' South Plains was the primary cotton producing region in the state, with an estimated cotton production of \$261 million. Farmers in the Rio Grande Valley harvested an estimated \$96.3 million worth of cotton in 1986, making the region second in cotton production. Cotton production in the Coastal Bend region contributed an additional \$61.3 million to the state's total cotton output. A third crop with which Texas is traditionally associated is wheat, having made its appearance in the Lone Star State as early as 1833.

In 1986, Texas ranked third nationally in the production of winter wheat, with Texas farmers planting 8.1 million acres of wheat and harvesting 4.8 million acres. The average yield per acre was 25 bushels, and the total statewide yield approached 120 million bushels. Gross receipts from wheat sales added \$267 million to the state's agricultural total for 1986. The Panhandle was the state's number one wheat producing region, with an estimated 1986 crop valued at \$143

million. Other areas of the state where wheat is an important crop are the Rolling Plains, with an estimated 1986 crop valued at \$91 million; the South Plains, with an estimated 1986 crop valued at \$66.5 million; and North Central Texas, with an estimated 1986 crop valued at \$35.6 million. Rice, along with wheat, made up approximately five percent of the total agricultural cash receipts for Texas in 1986. Stretching from Victoria County in the Coastal Bend region to Jefferson County in the extreme eastern portion of the Upper Coast region, rice is primarily grown in 20 counties along the Gulf of Mexico. Rice sales for 1986 were \$160 million. Notwithstanding Texas' legitimate claim as a cattle state, Texans have turned to the raising of sheep and Angora goats. Texas produces nearly 97 percent of the mohair raised in the United States and almost one-half of the world's production. The mohair and wool industry is located primarily in West Central Texas, with the raising of Angora goats centered mostly in the counties of Edwards, Sutton, Uvalde and Val Verde, and the raising of sheep centered mostly in the counties of Crockett, Concho, Kinney, Terrell, Tom Green and Val Verde. On January 1, 1987, Texas had nearly 1.4 million head of Angora goats and over 1.9 million head of sheep and lambs. Wool production in 1986 exceeded 16 million pounds, and mohair production surpassed 15 million pounds. The Rio Grande Valley makes Texas the fourth leading producer of citrus in the United States. Production in 1986 totaled 9,000 tons of grapefruit; 8,000 tons of early, midseason and navel oranges; and 5,000 tons of Valencia oranges in 1986. The severe freeze in December 1983 destroyed the state's 1984-1985 commercial citrus crop. Following the freeze, citrus producers pruned branches, removed dead trees and replanted old groves. As a result of their efforts, citrus acreage regained 56 percent of its pre-freeze level by the spring of 1985. The three leading citrus producing counties in Texas are Cameron, Hidalgo and Willacy.

**BUSINESS** The Texas economy declined in 1986 and early 1987, but began to stabilize in late 1987. State officials point to several encouraging signs that show the economic slowdown bottoming out. Texas businessmen, investors and state officials are now cautiously optimistic that the business climate in Texas will continue to strengthen through 1988 and beyond. In 1986, total retail sales were \$103.3 billion, a slight increase over the previous year's total, with durable goods sales standing at \$39.2 billion and nondurable goods sales at \$64.1 billion. However, by November 1987, as Texans' optimism about the economic future of the state remained steady, total retail sales for the first 11 months of 1987 registered an estimated increase of four percent to \$96.2 billion compared to the same period in 1986. As of November 1987, sales of durable goods were estimated at \$37.5 billion, and sales of nondurable goods were estimated at \$58.8 billion. The state comptroller's office reported in February 1988 that December 1987 sales figures as registered by major retailers were up 5.5 percent from December 1986. In February 1988, the state treasurer's office reported that, by the end of the present budget biennium in 1989, the state would have a small budget surplus. A third indication of the revived confidence in the Texas economy is the number of Texas firms acquiring out-of-state businesses. In 1986, as Texas businessmen watched the price of oil steadily decrease, their economic confidence in Texas was shaken. During the year, 114 non-Texas firms acquired companies in Texas, while only 80 Texas firms acquired out-of-state

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businesses. In 1987, this trend was reversed, as 92 Texas companies acquired out-of-state firms, compared to only 85 non-Texas firms acquiring businesses in Texas. Although the 1987 trend should not be interpreted as guaranteeing future brightness for the Texas economy, it does show renewed confidence among Texas business leaders in the business climate of the state and a willingness to venture forth in new directions. In the same way, the number of mergers in the state continued at a steady pace despite the state's sluggish economy. In 1986, Texas companies finalized 278 corporate mergers, including 46 financial institutions and 90 manufacturing firms. By 1987, this figure had increased to 281, while the number of financial institutions merging had risen to 65, and the number of mergers involving manufacturing firms had fallen to 62. However, business analysts expect the pace of mergers involving Texas businesses to slow in 1988 as businessmen reassess their economic position. One of the key components in a resurgent Texas economy is higher oil and gas prices and increased drilling activity within the state, which, in turn, helps to fuel the construction industry and other sectors of the Texas economy. Until that time, the number of business failures and business starts in Texas will be in a precarious position. In 1986, Texas had an estimated 7,700 business failures, with most failures occurring in the service sector (3,500) and retail trade (1,200). In 1987, the number of Texas business failures increased nine percent to an estimated 8,400, with the number of failures increasing in both the service (4,000) and retail trade (1,300) sectors. Since the national recession of 1982-1983, employment growth has occurred primarily in the service sector, including retail trade. In 1987, nearly 77 percent of all Texans employed worked in service industries. However, for the first time since 1970, the service sector failed to record growth, as service industries lost over 27,000 trade jobs between July 1986 and July 1987. The number of business starts in 1986 was 21,914, down from the 26,073 business starts in 1985. By July 1987, the state had recorded 8,702 business starts, and it was estimated that the total for 1987 would only reach 17,141, an approximately 22 percent decline from the 1986 estimated total. An important part of the revitalized Texas economy are the estimated 700,000 small businesses in the state, of which around 290,000 are retail establishments. In 1988, the total number of retail establishments in Texas (those businesses with a sales tax permit) stood at 525,321. Beginning in 1986 and running through the first quarter of 1987, owners of small businesses in Texas were increasingly concerned about the condition of the state's economy as measured by the National Federation of Independent Business' small business optimism index. However, by the second quarter of 1987, this negative frame of reference had changed, and small business owners began to register a mood of optimism about the Texas economy, which they translated into new jobs for Texans.

Personal income in Texas increased 2.1 percent in 1987, rising from \$13,480 in 1986 to \$13,764 in 1987. In 1987, Texas ranked 32nd in the nation in per capita personal income, nearly \$7,200 below the top-ranking state's average and \$1,576 below the national average. Texas' total personal income through the first two quarters of 1987 reached \$228 million, which was nearly \$2 million more than the total for the same period in 1986. Total personal income in 1986 stood at \$224.9 million. Through the first two quarters of 1987, the industries recording

the greatest concentration of personal income were the service sector at \$37.9 million, government at \$27.5 million, manufacturing at \$27.1 million and retail trade at \$18 million. Through the same period in 1986, the leading industries included the service sector at \$36.1 million, government at \$26.7 million, manufacturing at \$27.2 million and retail trade at \$18.1 million. The total value of personal income for these four industries in 1986 stood at \$107.8 million, with \$36.1 million for the service sector, \$26.3 million for government, \$27.1 million for manufacturing and \$18.1 million for retail trade.

**INDUSTRY** Having weathered the economic downturn of the early 1980s, the Texas economy showed evidence of a statewide recovery in 1988, with the manufacturing sector leading the way. By December 1987, a variety of industries, most notably the petrochemical, aerospace, computer and electronic industries, had pulled a once-maligned manufacturing sector to the forefront of the state's economy. Texas had become the nation's second leading exporter of manufactured products by the end of 1987, with the petrochemical industry supplying about one-third of the manufactured products exported from the Lone Star State. From December 1986 to December 1987, employment in the electronics industry rose 4.4 percent to 124,400 individuals, while employment in the area of computers, oil-field machinery and other non-electrical machinery increased an estimated 3.8 percent to 106,900 workers. The comptroller's office expects that the advances registered in the manufacturing sector in 1987 will continue into 1988 at an estimated growth rate of three percent, or in terms of the number of jobs, approximately 29,100. The electronics industry is expected to lead the way with 4,700 new jobs, followed closely by the apparel industry with 3,500 new jobs, the lumber and wood products industry with 3,300 new jobs, the oil-field machine industry with 2,900 new jobs, and the computer and other nonelectrical machine industry with 2,200 new jobs. On June 16, 1987, the Texas Department of Commerce was created in an effort to further the economic development of the state. State officials have traditionally been active in promoting Texas as an excellent location for industrial concerns. The Department of Commerce's primary objective has been the promotion of Texas to businessmen and industrialists. In January 1988, the city of Austin won a multistate competition for a semiconductor manufacturing concern that was funded jointly by private industry and the federal government. The plant is expected to add an additional 600 workers to the number of Texas residents employed in high-tech industries throughout the state. The Department of Commerce has worked tirelessly in its promotion of Texas as a center for movie production. In 1987, film producers made 25 films in the state, with a combined estimated budget total of \$70 million. During the first quarter of 1988, Texas played host to seven film productions, generating revenues in excess of 40 percent for the same period in 1987. In 1987 and 1988, Texans mounted a massive campaign to attract one of the most coveted high-energy physics research mediums—the superconducting supercollider—to the state. Although the final decision on the accelerated particle smasher has not been made, Texans are overwhelmingly in favor of the venture. A February 1988 survey of Texas residents revealed that nearly 81 percent of the state's population was in favor of the atom smasher, which is estimated to create nearly 5,000 temporary jobs and 3,000 permanent positions. On November 3, 1987,

Texas voters approved a constitutional amendment which authorized the state to issue up to \$500 million in general obligation bonds for the project, if Texas was selected as the host state. The proposed site, which is located near Waxahachie in Ellis County, is expected to have an enormous effect at the local level. Besides the numerous jobs which will be created in the service sector, the many visiting scientists, in conjunction with the area's nationally acclaimed universities—the University of North Texas, Southern Methodist University, University of Texas at Arlington, the University of Texas at Dallas and Texas Christian University—will enhance the region's growing reputation as a research and high-tech center. Scientists are engaged in the study of gamma-ray lasers at the Center for Quantum Electronics at the University of Texas at Dallas and in the study of industrial robotics and automation at the Advanced Robotics Research Institute at the University of Texas at Arlington.

In 1987, Texas ranked third in the nation in terms of defense spending, with the Department of Defense spending approximately \$14.8 billion in defense outlays. Due to budgetary constraints at the federal level, the amount for Texas' 1987 defense contracts declined \$2.4 billion from a 1986 level of \$10.8 billion, which dropped the state from second place to fourth place in terms of the value of defense contracts awarded. The \$8.4 billion, which the Department of Defense spent in Texas in 1987, was used mainly in the purchasing of aircraft, petroleum, missiles, electronic components and weapon systems. Defense spending in 1987 accounted for 4.8 percent of the state's gross product, considerably less than the state's leading industry—oil and gas—which was responsible for 15 percent of the state's economic receipts. Tarrant County, ranked sixth among counties nationally, is the center of the defense industry in Texas, accounting for approximately \$3.6 billion of the state's 1987 total. A majority of the county's defense contracts are with General Dynamics Corporation's Fort Worth division and Textron's Bell Helicopter division of Fort Worth. When Dallas County's \$2.4 billion defense awards total is added to Tarrant County's, the Dallas/Fort Worth Metroplex accounts for over 50 percent of all defense spending in the state. While the number of civilian jobs on military bases in Texas is decreasing, the defense industry in Texas shows signs of remaining strong. General Dynamics (the state's largest defense contractor) will continue to manufacture the F-16 well into the 1990s and, with McDonnell Douglas, will build the Advanced Tactical Aircraft. Texas Instruments (the state's second largest defense contractor) remains an important source of sophisticated electronic products for the United States military.

**EMPLOYMENT** During the 1970s and early 1980s, Texas enjoyed the rewards of a strong economy—a low unemployment rate, a large influx of new residents, and a low state sales tax. However, in 1986, a recession gripped the state as the price of oil, the mainstay of the state's economy, spiraled downward. In 1981, the price of oil stood at \$34.59 a barrel, but, in 1986, the price of oil had plummeted to \$14.72 a barrel. The unemployment rate quickly rose from 6.4 percent in January 1986 to 10.5 percent in June 1986. Despite the slower economic pace, the number of people employed in the state increased from May 1986 to May 1987, as 411,000 new jobs were created during this period. In 1987, nearly seven percent

or one out of every 14.5 of the jobs available in the nation were located in Texas. Likewise, the number of jobs created in the state from May 1986 to May 1987 accounted for over 12 percent of all new jobs created in the United States during the same period. From January 1970 to May 1987, the growth rate of jobs in Texas increased 76.3 percent, compared to 42.7 percent for the United States as a whole. The national recession of 1981-82 slowed the pace of job expansion in the state to 13 percent annually, as only 879,000 new jobs were created in Texas since December 1982. Nevertheless, the Texas unemployment rate continued to remain high, reaching 10.5 percent in June 1986, declining to 9.8 percent in January 1987 and falling to 8.3 percent in April 1988. Officials attribute Texas' relatively high unemployment rate to the state population's high growth rate, which added an additional 383,000 people, or 4.7 percent, to a work place that was unable to match the additional number of job seekers with the number of existing jobs. State officials also cite Texas' labor force participation rate of 69 percent as a reason for the state's high unemployment rate. Some officials believe that if the large number of people in Texas wanting to work were to be reduced by just a few percentage points and if the 1987 employment rate were to remain the same, then Texas would have virtually a zero unemployment rate. In November 1987, Texas had approximately 7.9 million people employed, the third highest employment total in the nation. Since March 1987, Texas has posted gains in various areas of the employment sector. During this period, employment in all aspects of manufacturing grew at a rate of 2.4 percent, or 22,200 new jobs. In March 1988, employment in the manufacturing sector stood at 939,900 people. Broken down into manufacturing's component parts, the increase in new jobs occurred in transportation equipment, with an increase of 5,000 new jobs; nonelectrical machinery (including computers), with an increase of 4,300 new jobs; electric and electronic equipment, with an increase of 2,400 new jobs; apparel and other finished textile products, with an increase of 3,000 new jobs; food and related products, with an increase of 800 new jobs; and fabricated metal industries, with an increase of 3,000 new jobs. In March 1988, total nonmanufacturing employment in Texas stood at 5,591,800. From March 1987 to March 1988, the number of jobs in the nonmanufacturing sector increased by 41,300 positions. However, the growth rate for this period was less than one percent. This small rate of growth was due partly to the large number of jobs eliminated in the construction industry. In March 1987, approximately 348,300 people were working in the construction industry. One year later, only 317,900 people (representing an 8.7 percent decline in the number of jobs) were gainfully employed in construction. State officials expect employment in the construction sector to remain weak for some time, especially in the area of commercial construction. The building boom of the 1970s and early 1980s produced an overabundance of retail and office space in the larger metropolitan areas of the state. However, officials do expect that the number of jobs will increase in residential and highway construction in 1988.

The service industry recorded the greatest increase in the number of jobs during this one year period, a 3.5 percent increase. In March 1987, the service sector (including hotels, health services and educational services) employed 1,415,200 people. By March 1988, the number of people employed in

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this sector had risen to 1,464,500, helped by the increase of 17,800 jobs in the health services industry and the increase of 15,500 jobs in the business and repair services sector. The oil and gas industry, which had recorded employment declines since 1982, registered a slight increase in the number of people employed in March 1988. Yet in the area of oil and gas extraction, the increase in employment has not been felt. In December 1986, approximately 180,900 people were employed in the oil and gas extraction industry in Texas. However, by March 1988, only 172,200 people, or 4.8 percent of the December 1986 employment total, were employed in this sector. The highest level of employment in the oil and gas industry as a whole occurred in 1982, when that sector employed 303,000 people. From March 1987 to March 1988, over 3,000 new jobs were added in the oil and gas industry. State officials expect employment in the oil and gas industry to continue to grow, exceeding the 1982 record by about 34,000 workers in 2005. Excluding construction, the only industries in the nonmanufacturing sector to record losses in the number of jobs were wholesale and retail trade, with 600 fewer jobs, and finance, insurance and real estate, with 6,300 fewer jobs. The number of jobs in state government increased 3.5 percent in the 12-month period ending March 1988. The number of jobs in March 1987 stood at 242,500, increasing to 243,600 the following year. State officials estimate that over the next 20 years service-producing businesses, including transportation and public utilities; wholesale and retail trade; finance, insurance and real estate; the service sector; and government, will account for 76.5 percent of all the new positions created in Texas. The leader in this growth is expected to be wholesale and retail trade, which state officials predict will increase at an average annual rate of 2.8 percent for the next 20 years.

**UNIONS** All Texans have the right to earn an honest living at the work of their own choice and no one has the right to coerce or intimidate them to keep them from working at the job of their choice. In keeping with these ideals, the closed shop, the union shop and maintenance of membership provisions in labor contracts are illegal. Texas statutes also prohibit union security contracts. Important Texas laws in the industrial relations field contain these provisions with appropriate penalties and judicial recourse for enforcement. The Texas Checkoff law provides that an employer can make no deduction for labor union dues or assessments without the written authorization of the employee. Strikes or picketing for recognition or bargaining are prohibited unless the union in fact represents a majority of the employees in the particular establishment. The use of coercion in a labor dispute is a felony. Mass picketing, secondary boycotts, secondary strikes and secondary picketing are all illegal. Labor organizations are to be held responsible for damages resulting from strikes or picketing in breach of contracts and are liable to Texas' anti-trust laws. In addition, unions must hold annual elections and file reports with the Secretary of State. In November 1980, there were 669,000 union members in Texas out of 5,868,000 nonagricultural employees or 11.4 percent of the labor force. Of Texas' union membership, approximately half live in Houston and the Jefferson County area. The shipbuilding and oil refining industries that dominate this region have led to the development and entrenchment of organized labor. The "Golden Triangle" cities of Port Arthur, Beaumont and Orange are heavily Democratic, and unions there exert strong

political and economic influence on both local and statewide issues. Total union membership in the Southwestern United States in 1980 (including Arkansas, Louisiana, New Mexico, Oklahoma and Texas) totaled 1,307,000, or 13.4 percent of the total employed.

**FOREIGN INVESTMENT** Historically, foreign investment has played an integral role in Texas' economy. The famous XIT ranch (once the world's largest ranch under fence) came into being in 1882 when, in order to raise money to build the state capitol building, Texas traded three million acres of Panhandle ranchland to a Chicago-based firm that later sold the land to a British syndicate. Today, of Texas' nearly 168 million acres of land area, approximately 1,018,812 acres are held by foreign landowners. Of this foreign-owned acreage, 297,102 acres are cropland, 548,277 acres are pastureland, 24,877 acres are forestland, 63,958 acres are land used for other agricultural concerns and 84,498 acres are land involving non-agricultural concerns. The United States Department of Commerce reported that, in 1986, Texas led the other states with \$40.3 billion in foreign investment in property, plant and equipment. Also in 1986, Texas ranked third in the nation in terms of the number of its residents (211,254) employed by foreign-owned companies, an increase of some 160 percent since 1974. The Texas economy is equal in size to that of China and five and one-half times larger than that of Taiwan's. This substantial economy has shown a growth that historically has been more rapid than that of the United States. Thus, through the years, Texas has made an effort to attract foreign investment because of the difficulties it faces in generating enough capital internally to continue its growth. The lack of corporate income tax, personal income tax, and the relatively open regulatory and legislative atmosphere in Texas have long been a lure to foreign investors. According to the Texas Department of Commerce, approximately 68 foreign banks operate in Texas, and more than 90 foreign governments operate consulates, trade commissions and/or trade offices. More than 600 foreign firms in Houston and 500 in the Dallas/Fort Worth area buy, trade and sell their products and services. In all, approximately 240 Japanese companies are doing business in Texas, including 100 in Houston. Trade between Houston and Japan alone totaled more than \$3 billion, while in the Dallas/Fort Worth area, British and French firms, along with Japanese companies, rank as the top foreign investors.

**IMPORTS AND EXPORTS** Texas conducts a thriving trade with the rest of the world and, in 1987, ranked second among the states in terms of the number of its exports, with \$19.7 billion. Some of the Lone Star State's leading export industries include: oil field and nonelectrical machinery; electric and electronic equipment; transportation equipment; lumber and wood products; and stone, clay and glass products. The transportation equipment industry alone created about 4,800 new jobs over 1987, while in that same year, the electric and electronic equipment industries added approximately 3,700 new jobs. Texas ranks second in the nation in terms of the proportion of its labor force employed in producing goods and services for other countries. In 1983, about 3.7 percent of the state's civilian employment was related to manufactured exports—approximately 271,500 jobs in all. About 122,600 jobs in Texas' manufacturing industries were related to manufactured exports in 1983, while Texas' nonmanufacturing

industries provided approximately 149,200 jobs related to manufactured exports. In 1983, the value of Texas manufacturers' shipments totaled \$11.5 billion in direct exports and \$8.1 billion in supporting exports. Of these, total exports of chemicals and allied products were valued at \$6.2 billion, exports of machinery (except electrical) were valued at \$3.3 billion, and exports of petroleum and coal products were valued at \$3.2 billion. In 1986, the leading export commodities of the Port of Houston were organic chemicals (valued at \$1.5 billion), machinery (valued at \$1.3 billion), cereals and cereal preparations (valued at \$776 million) and synthetic resins and plastics (valued at \$766 million). In that same year, the leading import commodities coming through the Port of Houston were road vehicles (valued at \$2.6 billion), petroleum and petroleum products (valued at \$2 billion), iron and steel (valued at \$798 million) and organic chemicals (valued at \$441 million). The Port of Houston did its busiest import trade with Japan with \$1.9 billion in total value in 1986. West German imports through the Port of Houston in 1986 were valued at \$1.4 billion. The port's busiest export trade in 1986 was done with the Netherlands to which it shipped out total exports valued at \$497 million. A foreign trade zone may be defined as a domestic location granted certain custom privileges that qualify it as "outside" regular customs territory. Established by the Foreign Trade Zones Board, chaired by the U.S. Secretary of Commerce, foreign trade zones are operated as public utilities by qualified corporations and offer facilities for storage, exhibition and manufacturing. Texas' 16 foreign trade zones are usually located in or near the state's major transportation facilities, such as Dallas/Fort Worth International Airport and the Port of Houston.

**FINANCIAL INSTITUTIONS** In June 1986, Texas had 896 state banks, five of which were non-federally insured, and 1,071 national banks, for a total of 1,967 banks with total deposits of \$152.4 billion. However, by 1988, the total number of banks in Texas had dropped to 1,780. In the early 1980s as the price of oil began to fall, financial institutions in Texas increased their real estate lending in order to offset the decline in their energy loans. In 1986, as the price of oil reached its lowest levels and threw the state into a recession, the state's financial institutions suddenly found themselves in severe economic straits. Many of their loans to real estate developers, businessmen and other financial entrepreneurs had been granted on the assumption that the Texas economy would continue to grow throughout the decade of the eighties. However, as the number of business failures in Texas increased from 7,676 in 1986 to 8,367 in 1987 and as the number of non-performing real estate loans increased to 12 percent statewide in 1987, many Texas financial institutions began registering huge deficits. In January 1988, MCorp, the state's second largest bank holding company, reported a yearly loss of \$258.3 million for 1987, while First RepublicBank Corporation (the state's largest bank) announced a loss of \$656.8 million, with its non-performing loans amounting to almost \$4 billion. During the last week of February 1988, concerned depositors withdrew almost \$599 million from First RepublicBank's main Dallas bank. By March 9, First RepublicBank had only \$6.9 billion in deposits, having lost over \$1 billion in deposits since January. Later in March 1988, the Federal Insurance Deposit Corporation (FDIC) announced that it would infuse over \$1 billion into the bank to rescue

the ailing giant. The FDIC had acted in a similar manner in September 1987, when it announced a bailout plan to inject nearly \$1.5 billion into the state's fourth largest holding company, First City. Overall, Texas banks lost nearly \$2 billion in 1987 and \$1.7 billion during the first quarter of 1988. However, banks outside of the larger cities in Texas reported moderate gains or only minimal losses. Nearly all of the \$2 billion 1987 deficit was recorded by banks located in the largest cities in the state. Many banks along the Texas-Mexico border reported small earnings, with banks in El Paso County recording a profit of \$20 million. Texas' relationship with banks has historically been somewhat cautious and uneven. Beginning with the first state constitution in 1845, Texas prohibited corporate banking. The move was in response to the financial disruption caused as many banks failed during the Panic of 1837. The National Banking Act of 1864 created a national system of banks, with the state's first bank under this act, the First National Bank of Galveston, being incorporated in 1865. The state's second constitution (1869-1875) left the question of banking up to the legislature, and, during this period, approximately 30 banks received a charter, although few actually opened their doors. When the state's present constitution was drafted in 1875, the state had just weathered the Panic of 1873. Many of the delegates to the convention blamed the banks for the panic and placed within the new constitution a clause prohibiting state-chartered banks. Private and national banks rushed into the state to fill the void and numbered 437 by 1905. In 1904, Texas voters approved a constitutional amendment permitting state-chartered banks, but with a stipulation prohibiting branch banking. In 1980, a constitutional amendment modified this prohibition to allow banks to operate automated teller machines within the bank's city or county of origin. A further amendment, in 1986, allowed Texas chartered banks to establish branches within their home city and county, as well as establish branches across county lines through the acquisition of failed state banks. The amendment also modified the definition of branch banking—a bank may not be deemed a branch or facility of another bank just because the same stockholders control or own the other bank, because it has similar administrative and accounting systems as the other bank, or because it has a name that is similar to the parent bank's. This amendment, in conjunction with the 1970 federal act permitting bank holding companies, allowed state banks to become holding companies and to grow in size. Also in 1986, the 69th Legislature in special session enacted into law a measure allowing out-of-state banks to acquire or to be acquired by Texas banks. In December 1986, Texas Commerce Bancshares Incorporated of Houston announced that it was being acquired by Chemical New York Corporation in a transaction valued at over \$1 billion. When the deal was consummated in April 1987, the new combination was reportedly the fourth largest bank in the United States, with assets in excess of \$74.6 billion.

On December 31, 1986, Texas had 281 savings and loan associations with 1,708 branches. Deposits in these associations in 1986 totaled over \$11 billion. The savings and loan industry in Texas did not avoid the problems which beset the banking industry. In 1984, the Federal Savings and Loan Insurance Corporation (FSLIC) spent \$300 million to shut down Empire Savings and Loan of Mesquite, which was one of the largest cash payouts in FSLIC history. In 1987, Texas savings and

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loan associations recorded over \$6 billion in losses and write-downs, which translated into a \$6.2 billion capital deficiency. By December 31, 1987, Texas savings and loan associations had borrowed over \$19 billion from the Federal Home Loan Bank of Dallas and other financial institutions to remain afloat. Their mortgage loan portfolio delinquencies approached 22.5 percent at the end of 1987, compared to 16.8 percent in 1986. Depositors reacted to the problems of the savings and loan associations by demanding higher interest rates for their deposits. Interest rates at savings and loan associations sometimes ran as high as 1.2 percent above the going market rate. The Federal Home Loan Bank estimated that this above-market interest rate resulted in the financially strapped savings and loan industry having to pay nearly \$1 billion in interest payments in 1987. Depositors also began to adjust their accounts to make sure that they did not exceed \$100,000, the highest amount which the FSLIC will insure. In November 1987, the FSLIC, without having to resort to a direct cash bail out, promised \$1.3 billion in notes to rescue Vernon Savings and Loan Association of Dallas. Noting that at least 104 savings and loan associations in Texas were already insolvent and that an estimated 40 other Texas thrifts were ailing, the FSLIC announced in February 1988 a plan to save the Texas thrift industry. Known as the "Southwest Plan," the FSLIC allocated nearly \$7 billion in government assistance to help some 25 to 30 healthy thrifts absorb a part of the 121 most-troubled thrifts in the state and to close those deemed irrevocable. As part of this program, the insurance corporation in May promised to pay \$2 billion to Southwest Savings Association of Dallas, if that institution had problems in its acquisition of four insolvent thrifts. As of March 1988, Texas had 1,042 credit unions. The total amount of saving deposits in Texas credit unions at the end of 1987 was \$11.2 billion. During the last decade, membership in Texas credit unions increased nearly 50 percent.

**CONSTRUCTION/HOUSING** Although Texas recorded its second highest year for construction awards in 1986 at \$4.6 billion, hard times have befallen the construction industry. This fall was due partly to the sluggish state economy of the mid 1980s, linked to the decline in the price of oil. Non-residential and engineering awards have helped to bolster the construction industry during this period, however. Still, the number of awards decreased from 3,270 in 1985 to 3,090 in 1986. The greatest number of construction awards in 1986 were engineering awards, with 1,760 awards worth an estimated \$2.8 billion being granted for an assortment of construction projects, including highways, roads and streets, sewers, and irrigation and drainage works. Nonresidential construction awards accounted for an estimated \$1.8 billion. Residential construction continued to have its problems in 1987, with the number of single-family dwelling permits declining nearly 27 percent, from approximately 54,000 reported permits issued in 1986 to around 44,000 in 1987. Likewise, Texas experienced a 16 percent decline in the number of single-family construction permits from 1985 to 1986. Of the state's 28 metropolitan statistical areas, few reported increases in the number of housing permits from 1985 to 1986, with Amarillo (5.6 percent), El Paso (29.2 percent), Galveston/Texas City (10.3 percent), Laredo (19 percent) and McAllen/Edinburg/Mission (seven percent) being the only five metropolitan statistical areas to report an increase. In 1987, Houston was the only city in

the state to report even a marginal increase in the number of single-family permits issued with a 3.4 percent increase, while Dallas registered a 27.9 percent decrease, Austin a 52.7 percent decrease, Fort Worth/Arlington a 29.3 percent decrease and San Antonio a 29.1 percent decrease. The greatest decline in residential construction was in multi-family construction. From 1985 to 1986, the number of construction permits for two-, three- and four-family dwellings declined 60.5 percent, with the 28 metropolitan statistical areas experiencing a 60.1 percent decline and the other reported areas of the state registering a 71.8 percent decline. For the same period, the number of five-family or more dwellings declined 49.8 percent statewide, with the 28 metropolitan statistical areas suffering a 49.5 percent decrease, and the other reported areas of Texas recording a 67 percent decline. In 1987, officials estimated that the number of multi-family construction permits fell nearly 83 percent, from 35,920 permits in 1986 to 6,150 permits in 1987. Officials estimate that as the average age of the Texas "baby-boom" generation increases and as the number of traditional home buyers between the ages of 20 and 30 decreases in the next 10 years, the number of dwellings needed to house these people will increase, but at a slower pace. The greatest demand for housing still will be among people aged 35 years or older. In 1987, the construction industry in Texas employed an average of 367,975 people. The greatest quarter for employment in the construction industry was from July to September of 1987, when 405,134 workers were employed. Special trade contractors employed the greatest number of people in the industry, followed by heavy trade contractors and general building contractors. Between 1979 and 1984, total personal income for people employed in the construction industry rose from \$8.1 billion to \$11.4 billion. The source of most of the income earned in the state was in the metropolitan areas, which accounted for nearly \$10 billion of the state's 1984 total personal income from construction. In 1987, total construction wages exceeded \$7.6 billion. Since 1980, the number of residential sales to the number of residential listings has continued to decline. In the last quarter of that year, 38 percent of all residential sales listings in Texas were sold, compared to only 23 percent in the last quarter of 1986. The number of new listings in 1986 was 424,385, an increase of 13.3 percent from 1985. The total sales volume in 1986 of \$7.4 billion was a decrease of 11.6 percent from 1985. The average sales price of a residence in 1986 was \$89,860. By the third quarter of 1987, little had changed in the housing market. An additional 318,065 residences had been listed for sale, with 68,341 residences being sold at an average price of \$89,083. The ratio of sales to listings had increased moderately during this same period, from 19 percent in 1986 to 24 percent in the third quarter of 1987.

**NATURAL RESOURCES** When one thinks of Texas' natural resources, the first things that usually come to mind are oil and gas. However, oil is not the only natural resource which Texas produces in abundance. Timber has been a principle Texas industry since the late nineteenth century, when large lumber companies moved into East Texas. Texas' timber industry is principally located in the Piney Woods of East Texas, where forty counties account for the majority of timber production in the state. In 1986, total timber production in Texas was 529 million cubic feet, including 437 million cubic feet of pine and 91 million cubic feet of hardwood. However,

overall timber production declined in 1986 from 551 million cubic feet in 1985. East Texas contained nearly 11.6 million acres of timberland in 1986, with 4.9 million acres still under individual ownership, 3.8 million acres under the control of the forest industry, 1.4 million acres under the control of farmers and 690,000 acres under corporate ownership. Texas' timber industry is the ninth largest manufacturing industry in the state, producing primarily paper products, lumber and plywood. Petroleum has been known to exist in Texas since the early days of the Spanish conquistador. However, few people knew what to do with the black substance lying upon the ground. Some of the oil was sold as patent medicine, with the promise of curing all ailments. In 1866, Melrose became the site of the first oil well to be drilled and to yield oil in Texas. A few more wells were drilled in Texas with limited effect on the state's economy. While drilling a water well in Corsicana in 1894, the drillers struck oil, resulting in the first major discovery of oil in the state. Nearby, the state's first oil refinery was soon constructed, although few people believed Texas had enough oil to warrant the construction of a refinery. Opinions quickly changed in 1901 when Spindletop gushed in, revealing the location of huge Texas reserves and signaling the birth of the commercial oil industry in Texas.

The Lone Star State is one of the nation's leading producers of oil, natural gas, natural gas liquid, refined petroleum products and chemicals derived from petroleum. In 1986, Texas produced over 784 million barrels of crude oil, 29.5 million barrels of condensate and 5.65 trillion cubic feet of natural gas. However, in November 1987, the Texas Railroad Commission reported that Alaska produced approximately two million barrels of crude oil per day compared to only 1.96 million barrels produced by Texas. The market values for 1986 production totals in Texas were nearly \$12 billion for crude oil and condensate and \$8.8 billion for natural gas. In 1985, the state's 210,477 oil wells produced over 25 percent of the nation's crude oil (830 million barrels), generating \$23.2 billion in revenue. During that same year, Texas' 68,811 gas wells accounted for over 30 percent of the nation's production of natural gas (4.7 trillion cubic feet). Out of 254 Texas counties, 218 are producers of oil or natural gas. In 1985, officials estimated that Texas had nearly 10.9 billion barrels of oil in reserve. Coal is located in limited areas of the state. Texas coal was once a popular source of energy during the nineteenth century. During the twentieth century, oil and gas production displaced coal as the preferred source of energy. However, with the rising cost of oil and natural gas in the early 1980s, coal again became an important alternative fuel source. In 1986, coal was mined in 13 counties. The largest number of coal producing counties are found in the central part of the state, with Freestone County producing nearly 7.8 million tons of coal in 1986. Total coal production in the central area of the state in 1986 stood at 20.6 million tons of coal. However, the greatest amount of coal is actually produced in East Texas, where five counties combined to produce 27.6 million tons of coal in 1986. Panola and Titus counties were the two leading coal producing counties in the state, with 10.9 million tons and 10.1 million tons being produced, respectively. In South Texas, Webb County produced over 300,000 tons of coal in 1986. Nearly all the coal mined in Texas (99 percent) is lignite, with bituminous coal being mined primarily in Webb and Coleman counties. Total coal production in Texas in 1986 was

48.5 million tons, making the Lone Star State the sixth leading producer of coal in the country. In terms of nonfuel minerals, Texas was the leading producer in 1985 of native asphalt (bituminous limestone), portland cement, crushed stone, calcined and crude gypsum, magnesium chloride for metal, and Frasch and recovered elemental sulfur. The state's total production of nonfuel minerals in 1985 was \$1.7 billion, placing the state second among all the states in nonfuel mineral production. Texas also ranked second in the production of clays, salt, crude and Grade-A helium, talc, and construction sand and gravel. In 1985, the production of cement declined from 1984 levels, with masonry cement decreasing 10 percent to 263,000 short tons and portland cement falling two percent to 10.2 million short tons. Officials attributed the decline to the sluggishness in the Texas building industry. Of Texas' 18 portland cement plants, the plants in the northern tier of the state operated at a higher rate of production than the plants in the southern half of the state. The seven masonry producing plants in northern Texas produced nearly three times as much masonry cement as the five masonry plants located in southern Texas, with 199,000 short tons and 64,000 short tons, respectively. Clay production was centered in only 33 counties, where 33 firms in 1985 operated 75 pits. Total clay production increased 15 percent from 1984 to 1985. Texas, in 1985, mined nearly 85.8 million short tons of crushed stone, accounting for roughly 8.6 percent of the country's total crushed stone production. Although most of the crushed stone was obtained from 152 limestone quarries which were located in 73 Texas counties, other types of stone were also mined, including marble, sandstone and traprock. In 1985, the only metal extracted from Texas' mines in commercial quantities was iron ore. Texas also has areas containing a few highly desired gemstones, including amethyst and topaz. The pink and red granite of the Llano Uplift region are prized building and monument stone.

**TOURISM** The Texas tourist industry has prospered, becoming one of the fastest-growing industries in the Lone Star State. Texas now ranks as one of the top three states that travelers throughout the nation want to visit. In 1986 alone, total travel expenditures in Texas reached nearly \$17.3 billion, generating approximately \$997 million in local and state taxes, a total of 294,766 travel-related jobs and a travel-related payroll of \$3.9 billion (the last being an 18.5 percent increase over the 1985 travel-related payroll). From 1981, when travel expenditures in Texas totaled nearly \$12.3 billion, to 1986, travel spending has mushroomed by 41 percent. The 1986 travel spending figures represented a 7.8 percent increase over 1985 versus the 0.9 percent growth in the gross state product for the same year. Total travel expenditure in Texas for 1986 represented an average of approximately \$68 million per county, while the average travel-related payroll per county was \$15.1 million. Travel spending in the state created an average of approximately 1,100 jobs per county. Dallas County's \$4.4 billion (over one-fourth of the state total) in travel expenditures in 1986, its travel-generated payroll of \$1.3 billion (one-third of the state total), its travel-generated local tax revenue of \$99.4 million and its travel-related employment figure of 83,118 jobs ranked it the highest among Texas counties. Travel spending totaled \$3.9 billion in Harris County, \$1.4 billion in Tarrant County and \$1.1 billion in Bexar County. Harris County's \$129.5 million in state tax revenue generated

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by tourism led all counties in Texas. Automobile transportation accounted for more than 36 percent of Texas' 1986 travel expenditures, while public transportation (almost 28 percent), food (nearly 18 percent), incidentals (more than nine percent), lodging (over eight percent) and entertainment and recreation (nearly one percent) accounted for the remaining travel expenditures for that year. Texas' large size explains why the automobile and public transportation categories made up nearly two-thirds of travel spending in the state in 1986. For each dollar of travel spending in Texas in 1986, an average of approximately 22 cents of salary and wage income was produced. Public transportation accounted for nearly half (48.4 percent) of Texas' travel-generated payroll in 1986, while food service (20 percent), automobile-related tourism (nearly 13 percent), lodging (almost seven percent), travel arrangements (almost five percent), entertainment and recreation (nearly four percent), and incidentals (slightly more than three percent) composed the remainder.

In 1986, tourism in the Lone Star State generated approximately 4.5 percent of the total nonagricultural employment. For every \$58,642 spent by visitors to Texas, one job was supported. In terms of employment, food services made up over 45 percent, public transportation 18 percent, automobile-related tourism more than 11 percent, incidentals over 10 percent, lodging more than nine percent, travel arrangements nearly four percent, and entertainment and recreation almost two percent of the jobs generated by travel spending in Texas. Texas' 1986 travel expenditures created almost \$3 billion in federal, state and local tax revenues. The \$2 billion in federal tax revenues created by Texas' travel revenues in 1986 represent four percent of the entire federal tax collection in Texas for that same year. State and local tax revenues generated by travel in Texas in 1986 amounted to \$605.8 million and \$391.5 million, respectively. Of those visitors who came to Texas via automobile, more than eight percent were from Louisiana and more than nine percent were from Oklahoma, while over six percent came from Illinois. Almost 92 percent of Texas' automobile visitors were Americans. Nearly 16 percent of automobile travelers staying in the Lone Star State for 30 days or less stayed in the Dallas area, while almost 12 percent went to San Antonio and 10 percent and seven percent went to Houston and Fort Worth, respectively. Of those visitors staying in Texas for more than 30 days, over 17 percent traveled to Harlingen and 11 percent to McAllen, both well known for the large numbers of retirees who winter in their warmer climes. Of the foreign visitors who sojourned in Texas for 30 days or less, more than 14 percent visited Houston, with Dallas, El Paso and San Antonio receiving over 12 percent, nine percent and 12 percent, respectively. Long-term foreign visitors, like their American counterparts, preferred the far-south Texas cities of McAllen (nine percent) and Brownsville (eight percent). It is estimated that 40 million out-of-state visitors came to Texas in 1987. Texas has achieved these impressive figures with a minimum of help from the state government. The 70th Legislature has significantly increased tourism marketing funds. This marketing program includes a nationwide and worldwide campaign to market Texas as a travel destination, the use of electronic and print media to attract tourists, projects instituted in conjunction with the private sector to advance Texas tourism and a toll-free telephone number to increase consumer response. The purpose

of this increased funding and marketing is to boost Texas' travel expenditures to the \$21 billion level and to create an additional 92,000 travel-related jobs.

**GAMBLING** Enacted in 1986 by the 69th Texas State Legislature, the Texas Racing Act authorizes horse racing and greyhound racing in Texas on a county-by-county local option basis. In addition, the act established the Texas Racing Commission to oversee racing in the Lone Star State. However, Article 17 of the act required that, in order for pari-mutuel wagering to be conducted in conjunction with horse and greyhound racing, a statewide referendum for the legalization of pari-mutuel wagering (on a county-by-county, local option basis) must first be ratified. On the November 3, 1987 ballot, such a referendum was placed before the voters who thereupon passed it. Since ratification of this referendum, Texas counties have been conducting local option elections to decide whether or not to legalize pari-mutuel wagering on horse and greyhound racing within their borders. According to Section 16.12 of the Texas Racing Act, should a majority vote for legalization, the commissioners court of that county must notify the secretary of state no later than 10 days after the date of the canvass of the election returns. Furthermore, no other election may be held in the county under the Texas Racing Act until five years have passed since the preceding election. Simply put, once a county has, through an election, decided its local racing option, it can hold no other election on the question for at least five years. Bexar, Dallas, Harris, Tarrant and Travis are some of the more populous counties that have legalized racing. The racing commission may authorize a total of four Class I horse racing tracks (those with a minimum of 45 racing days) to be located only in counties of 750,000 or more population, or in an adjacent county. There is no limit on the number of Class II tracks which may be authorized. Class II tracks, except those located in a national historic district, are limited to 44 racing days per year. Class III racetracks may be authorized for county or nonprofit fairs for up to 16 racing days per year. Greyhound racetracks may be authorized only in Galveston, Nueces and Cameron counties. Texas does not have a state lottery, casinos or any other form of legalized gambling. There are specific regulations which may permit bingo games for the benefit of charitable and civic causes.

**ALCOHOLIC BEVERAGES** The legal drinking age in Texas is 21. State laws govern the drinking age and the hours of sale and consumption of liquor. The degree to which a county or parts of a county are "wet" (i.e., the sale of alcohol is legal) or "dry" (i.e., the sale of alcohol is forbidden by law) is determined by local option. As of August 31, 1987, there were 176 counties in Texas where the sale of packaged distilled spirits was legal in all or parts of the county. Of this total, 92 counties permitted the sale of mixed beverages in all or parts of the county. Of the 78 counties where packaged distilled spirits were not legal, 14 permitted only the sale of beer (all beer in Texas is required by state law to contain not more than four percent alcohol), two permitted the sale of alcoholic beverages containing not more than 14 percent alcohol, and 62 counties were entirely dry. The Texas Alcoholic Beverage Commission (TABC) is responsible for enforcing regulations dealing with the manufacture, importation, exportation, storage, distribution and sale of all alcoholic beverages. Other

duties of the TABC include assessing and collecting taxes and fees, investigating for violation of the alcoholic beverage control laws, and assisting in the prosecution of violators, seizing illicit beverages, adopting standards of quality, and approving labels and sizes of containers for all alcoholic beverages sold in the state. The TABC receives its primary legal authorization from the Texas Alcoholic Beverages Code, Section 5.01. Licenses and permits to businesses selling liquor are issued by the TABC. As of February 22, 1988, the TABC listed a total of 60,703 active wholesale/retail licenses/permits in the state. In fiscal year 1987, more than 19 million gallons of distilled spirits, an estimated 30 million gallons of wine, almost 448 million gallons of beer and more than 16 million gallons of ale were consumed in Texas. Tax collections from distilled spirits totaled \$46.6 million: from wine, \$7.3 million; from beer, \$86.6 million; and from ale, \$3.2 million. From its various permit and licenses fees, the TABC collected a total of \$21,064,439 in fiscal 1987, while from various beer, liquor, cigarette and related taxes, the TABC collected almost \$328 million. These totals, along with miscellaneous collections, brought the TABC a total revenue in fiscal 1987 of \$351,311,872, a decrease of more than six percent from the revenue total of the previous year. In fiscal 1987, the TABC had a state budget appropriation level of \$19,511,844. TABC expenditures totaled \$19,753,054 in fiscal 1987, nearly a four percent decrease from total expenditures for fiscal 1986.

**STATE DEFENSE** The Adjutant General's Department has the duty of giving military support to state civil authorities to provide for the safety of Texas and its residents. The department also stands ready to supply trained and equipped forces to the nation in case of war or national emergency. Headquartered at Camp Mabry in Austin, the department supervises the state military forces, which are made up of the Army National Guard, the Air National Guard and the Texas State Guard. As the head of the department, the adjutant general commands the state military forces for the governor, who is the commander-in-chief. An appointed executive and member of the governor's staff, the adjutant general is aided by two senior officers, the assistant adjutant general (army) and the assistant adjutant general (air), both of whom are also appointed by the governor. The personnel who make up the department are composed of full-time state and federal employees, full-time federal civil service and military active duty employees, and part-time citizen soldiers of the Texas National Guard and Texas State Guard. Paid to take part in military training one weekend per month, part-time National Guard members also participate in 15 days of annual training. In a volunteer, non-pay status, State Guard members must train for at least four hours per month. Composed of army and air divisions, the Texas National Guard serves as first line reserve components of the United States Army and United States Air Force and, as such, can be called to active federal service by the president to supply trained and equipped units for national emergencies or war. In addition, the Texas Air National Guard has the peacetime responsibility of supporting, on a daily basis, United States Air Force requirements worldwide. The structure and size of the Texas National Guard, like that of other states, is determined by the United States Congress, while the National Guard Bureau, at the approval of the governor, makes allocations to the Guard. As of August 1987, the Texas Army National Guard had an authorized

strength of 20,374 and an actual strength of 21,211, including 1,459 officers and 19,362 enlisted personnel. The Army Guard included 800 women in its ranks. In addition, the Army Guard had a full-time employee strength of 1,107 federal civil service employees, 1,067 federal active duty employees and 194 state employees. In August 1987, the Texas Air National Guard had an authorized strength of 3,948 and an actual strength of 3,877, including 462 officers and 3,415 enlisted personnel. The Air Guard included 506 women in its ranks. In addition, the Air Guard had a full-time employee strength of 750 federal civil service employees, 218 federal active duty employees and six state employees. A state reserve force subject to active duty in the service of Texas during times of emergency, the Texas State Guard has the responsibility of supplying trained and equipped individuals and units to augment the National Guard when that force is ordered into service. The size and structure of the Texas State Guard is established and administered by the governor, with the aid of the adjutant general. The Texas State Guard had an authorized strength of 3,036 and an actual strength of 1,427, including 464 officers and 963 enlisted personnel. The State Guard has a full-time employee strength of three employees.

**FEDERAL DEFENSE** The State of Texas contains within its borders a total of 45 military installations, including 10 army, 11 navy and 24 air force facilities. The great availability of land in Texas and the state's location have made the Lone Star State a strategic locale for military facilities. The largest army installation in the state is Fort Hood in Killeen. Home to the First Cavalry Division and the Second Armored Division, the Fort Hood facility in fiscal year 1986 covered 219,946 acres and had a total authorized manpower of 45,465 full-time permanently assigned personnel, of which 40,351 were military. El Paso is home to Fort Bliss, the second largest army base in the Lone Star State. In fiscal 1986, Fort Bliss spanned 118,218 acres, housed an air defense center and school, and had a total authorized manpower of 26,701 full-time permanently assigned personnel, of which 17,574 were military. Fort Sam Houston in San Antonio is a medical training headquarters and, in fiscal 1986, had a total authorized manpower of 20,109 full-time permanently assigned personnel, of which 10,699 were military. The army also has installations in Austin, Fort Worth, Marshall and Texarkana. In fiscal year 1986, the Corpus Christi Naval Air Station was the largest naval installation in Texas in terms of the number of personnel, covering 3,618 acres, with a total authorized manpower of 7,846 full-time permanently assigned personnel, of which 1,746 were military. The naval air station serves as a flight training center. The Corpus Christi Naval Hospital in fiscal 1986 had a total authorized manpower of 438 full-time permanently assigned personnel, of which 319 were military. The Naval Air Station in Dallas serves as a reserve air training center and in fiscal year 1986 had a total authorized manpower of 6,938 full-time permanently assigned personnel, of which 1,446 were military. The Navy has plans to locate two homeports on the Texas Gulf Coast, one near Corpus Christi and the other near Galveston. These homeports will house battleships, guided missile frigates and other craft and are expected to have a strong impact on the economy of both areas. The Navy also has installations in Beeville, Kingsville, McGregor, Nueces and Orange Grove. Housing the United States Air Force Basic Military School, Lackland Air Force Base in San Antonio

# TEXAS TODAY

covered a total area of 6,790 acres and had a total authorized manpower of 10,135 full-time permanently assigned personnel. Home to a technical training center, the Sheppard Air Force Base in Wichita Falls spanned 5,397 acres in fiscal 1986 and had a total authorized manpower of 5,066 full-time assigned personnel, of which 3,716 were military. Randolph Air Force Base in Universal City near San Antonio houses the 12th Flying Training Wing and had a total authorized manpower of 8,068 full-time assigned personnel in fiscal year 1986, of which 5,264 were military. Other Air Force installations in the Lone Star State are in Seguin and Tye.

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION** In September 1963, the Manned Space Center officially opened on a 1,620-acre site located 25 miles southeast of downtown Houston. National Aeronautics and Space Administration (NASA) officials envisioned the center to serve as the training location for the men of its manned space flight program. In February 1973, the center's name was changed to the Lyndon B. Johnson Space Center in honor of the former president from Texas. In 1985, the estimated 3,330 employees of the Johnson Space Center performed a variety of tasks. One of the center's primary objectives is the design, development and operation of manned spacecraft. The space shuttle program is the center's most current example of this directive. The Johnson Space Center is also responsible for the training of NASA's astronaut corps. As a result of the space shuttle program, NASA has divided its space flight crew into three categories: pilots, mission specialists and payload specialists. Each classification requires extensive training through a variety of simulation activities to ensure that the astronaut possesses the skills necessary to perform the assigned task. Astronauts experience a period of simulated weightlessness aboard a modified KC-135 and "neutral buoyancy" in a water tank specially designed to hold a variety of spacecraft equipment. Near the Johnson Space Center is Ellington Air Force Base where the center's airplanes, including high-performance aircraft, are based. Officials and employees of the center use the aircraft for such activities as astronaut training, research experiments and administrative travel. The Johnson Space Center is also home to Mission Control, the nerve center of all manned space flights. While the John F. Kennedy Space Center in Florida has control of the actual launch, Mission Control assumes the responsibility for the flight once lift-off has been completed. During the mission, hundreds of Mission Control specialists monitor the spacecraft and provide helpful advice to astronauts. Since the days when the site for the Johnson Space Center was nothing more than pastureland for cattle, the center has grown to more than 100 buildings. Visitors to the Johnson Space Center are permitted to tour some of these buildings, including the Visitor Center, Mission Control Center and the Lunar Sample Building. At the Visitor Center, tourists are able to view items from past space flights, such as actual rockets, spacecraft and space suits. Films highlighting the United States space program are shown daily. In the Lunar Sample Building, visitors can see some of the 800 pounds of lunar material which Apollo astronauts on six separate missions to the moon collected and brought back to earth. While touring the mission simulation and training facility, visitors can listen to tapes explaining the function of the full-scale trainers which Skylab astronauts used to prepare for their missions. In the Shuttle Mockup

and Integration Laboratory, visitors can see a full-scale mockup of the Orbiter's cabin and cargo bay section. Engineers use the cargo bay section of the trainer to check payload measurements. The Johnson Space Center also provides resource material to educators who have been properly certified to receive such material. At the Teachers' Resource Center, educators have access to a film library and a video tape program room (each with duplicating equipment), as well as to prepared lesson plans.

**VETERANS** As of March 31, 1986, Texas had a total veteran population of approximately 1,778,000, including 9,000 veterans of World War I, 596,000 veterans of World War II, 250,000 veterans of the Korean Conflict, 557,000 veterans of the Vietnam War and 366,000 peacetime veterans. (The Vietnam War total does not include 62,000 veterans who also served in the Korean Conflict and are counted as Korean Conflict veterans.) This 1986 total represents an increase of one-third of one percent over the 1985 population of veterans in the Lone Star State. Texas ranks third among the states in its population of veterans. In addition to veterans, approximately 135,000 active duty military personnel and 100,000 military retirees make Texas their home. In both of these categories, Texas ranks second in the United States. In 1986, the veterans of the Vietnam War composed the largest group of veterans living in Texas, representing 35 percent of the state's veteran population and having a median age of 39.2 years. World War II veterans made up 34 percent of Texas' veterans and had a median age of 64.6 years, while World War I veterans showed a median age of 89.4 years, with no member of their ranks being less than 80 years of age. Established in 1927 by the 40th Texas Legislature as the Veterans State Service Office, the contemporary Texas Veterans Commission has the responsibility of: 1) guaranteeing that veterans and their dependents and survivors are aware of the benefits to which they are entitled; 2) helping veterans and their families prepare the evidence to prove their entitlement; 3) and ensuring that veterans and their families receive all the benefits to which they are entitled. In 1981, the 67th Legislature enacted "sunset legislation" that renewed the commission for a period of 13 years. During fiscal year 1985, approximately \$1.7 billion in benefits was distributed by the federal government to veterans and their dependents and survivors, ranking Texas third among the states in this category. From 1974 (when federal expenditures for Texas veterans programs totaled approximately \$858 million) through 1986, federal spending on Texas' veterans programs mushroomed by nearly 101 percent. Through the combined efforts of the Federal Veterans Administration and the Texas Veterans Commission, a variety of programs and assistance is available to Texas' veterans. Wartime veterans in Texas who served honorably are eligible to receive compensation or pension payments. As of 1986, the Federal Veterans Administration was spending about \$78 million each month on compensations and pensions to veterans in the state. The Texas Veterans Commission acts as a liaison between the federal agency and the state's veterans, expediting benefit claims and assisting veterans in processing forms. Another function of the commission is to certify the eligibility of veterans for participation in the Texas Veterans Housing Assistance and the Texas Veterans Land programs. These two programs provide loans of up to \$20,000 to eligible veterans toward the purchase of

RICHARD J. V. JOHNSON is president of the Houston (Texas) Chronicle Publishing Company. He began his career with the Chronicle in 1956 as assistant promotion manager. He then became research and promotion director in 1960; director and vice-president, sales and marketing in 1971; executive vice president in 1972 and in 1973, he became president. Before coming to the Chronicle, Johnson was with the Texas Daily Newspaper Association where he was assistant to the executive director from 1955-1956.

Johnson is a director of the Newspaper Advertising Bureau, chairman of the Board of Metropolitan Sunday Newspapers, Inc., past president and former chairman of the executive committee of the Texas Daily Newspaper Association; and honored with the Texas Daily Newspaper Association 1983 Pat Taggart Newspaper Leader of the Year Award; chairman and president of the American Newspaper Publishers Association; chairman, Associated Press nominating committee, member of the advisory committee of the School of Communication at the University of Texas at Austin.

Johnson is on the Board of Visitors of the University of Texas Cancer Foundation at the Houston Medical Center; director at the Methodist Hospital; chairman of the Board of Trustees of Texas Medical Center, Inc.; director at Texas Commerce Bank, Lakeside; director at Anderson Clayton; trustee of the Robert A. Welch Foundation; member of Board of Houston Chamber of Commerce and a member of its executive committee, and serves as officer and/or director on numerous local civic organizations.

Johnson was born September 22, 1930 and graduated from The University of Texas with a BBA degree. He is married and has two children.

JUL 11 1985

PANHANDLE EASTERN CORPORATION

Biographical Data Sheet  
Public Relations, Houston

Date 4/17/85

Name Richard L. O'Shields

Nickname (if commonly used) Dick

Title Chairman Dept. Executive

Work Location Houston Company PEC-TGC -PEL

Home Address #10 South Briar Hollow Lane, #95, Houston, TX 77027

Date of Birth 8/12/26 Place Ozark, Arkansas

Family Information

Spouse's name (maiden if wife) Shirley I. Washington

Place of Birth Holdenville, Oklahoma

Children (include name, birthdate and place of residence):

Sharon Boles (Mrs. Stanley R.), Liberal, Kansas

Carolyn J. Tansey, Houston

Richard Lee O'Shields, Jr., Kerrville

Education

High School Okmulgee, Oklahoma High School City Okmulgee State OK

Year Graduated 1944 Honors named "All Around Senior"

College University of Oklahoma -BS, ME, 1949 City Norman State OK

Year Graduated 1949 Honors named "Outstanding Senior Engineer"

Graduate or Advanced Studies

Institution Louisiana State University City Baton Rouge State LA

Degree Granted MS, Petr. Engr. Year 1951

Memberships (organizations, offices held and/or honors conferred including professional societies):

~~registered prof. engineer Kansas & Texas; SPE of AIME; American Petroleum Institute (director 1972 -); National Petroleum Council (1971-); Interstate Natural Gas Association of America (chairman 1976-77, director 1970-); American Gas Association (director 1974-79); Independent Petroleum Association of America (director 1971-); MidContinent Oil & Gas Assn (director 1968-); Texas Research League (director); Midwest Research Institute (trustee); First City Bancorporation of Texas, Inc. (director); National Distillers & Chemical Corporation (director '72-'83); Gas Research Institute (Director & Chairman 1985-86)~~  
Civic or community activities (include elective or appointive offices, proper name of organization and dates):

~~River Oaks Baptist Church; River Oaks Country Club(Director '79-'83; Chairman '82) Ramada Club; Petroleum Club; Houston Chamber of Commerce; St. John's School Board of Trustees (1974 -80)~~

Employment History

Date employed 2-1-60

Company History (include dates, titles, dept., company, location):

~~Mgr Drilling & Production, PEPL, Liberal, Kansas, 1960-61  
VP Drilling & Production, Anadarko Production Co., Fort Worth, 1962-66  
President, Anadarko Production Co., Fort Worth, 1966-68  
Executive Vice President, PEPL, Kansas City, 1968-1970  
President, PEPL and Trunkline Gas Company, Houston, 1970-78; Chief Executive Officer, PEPL and Trunkline Gas Company, Houston, 1979; Chairman and Chief Executive Officer, PEPL and Trunkline Gas Company, Houston 1979-~~

Prior business connections (include dates, titles, company, location):

~~1949-51 Instructor, Petroleum Engineering, Louisiana State University, Baton Rouge  
1951-53 Production Engineer, Pure Oil Co., Fort Worth, Texas  
1953-54 Sales engineer; 1955 Chief Engineer; 1956-59 Vice President, Salt Water Control Inc., Fort Worth  
1959-60 Consulting engineer, Ralph H. Cummins, Fort Worth~~

Hobbies and sports activity (include awards and/or titles):

Golf, fishing, hunting

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Record of military service (include dates, service branch, locations and highest rank attained):

1944-45 U.S. Army Air Corps Reserve (awaiting entry in Aviation Cadet program)

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Feb 1945 - Nov 1945 - active duty - U.S. Army Air Corps - discharged when  
cadet program suspended at end of World War II

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Local newspaper, college alumni, or professional organization publications to which you would want news releases sent (full name of publication and complete mailing address):

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TELETYPE TO

BOS SIMOND



STAR OF HOPE  
5013 CALHOUN  
HOUSTON, TEXAS 77004

Don Johnson  
President, Star of Hope  
Carloss Morris  
Chairman of the Board, Stewart Title Guaranty Company  
Chairman of the Board, Star of Hope

The following data may be useful for local Houston information to be merged into the President's speech on March 16, at the Brown Convention Center, Houston, Texas.

PURPOSE: To show a local example of private sector involvement in creating solutions for the problems of the homeless. "One of the Nation's Thousand Points of Light" - The Star of Hope.

- Star of Hope is a private, non-profit, 82 year old organization which provides shelter, food, clothing, counseling and recovery programs for an average of 1000 homeless men, women and children each day.
- In a partnership effort between the private sector - - Houston's business community, churches, organizations and individuals and the Federal Government through the Stewart B. McKinney Homeless Act of 1987, as well as, Community Development Block Grants - - Star of Hope is helping Houston's homeless.

SUGGESTED SITE VISIT -- March 16 -- About 10 minutes away from the Brown Convention Center are the following facilities housing Houston's homeless:

Star of Hope's Women's and Family Emergency Shelter  
(300 bed shelter serving homeless women, children and families - 5009 Calhoun)

Star of Hope's Transitional Living Center  
(40 living units - new program for homeless family recovery - 5011 Calhoun)

Contact Person: Zoe Laurence  
Director of Development  
(713) 748-0700

**FORUM CLUB OF HOUSTON  
HOUSTON, TEXAS  
THURSDAY, MARCH 16, 1989**

**((THANK YOU, DICK FOR THAT INTRODUCTION, AND I MUST  
THANK YOU AND DICK JOHNSON FOR PUTTING THIS "LITTLE" LUNCH  
TOGETHER.))**

**THEY SAY THAT TEXAS IS A STATE OF MIND, BUT IT'S  
STILL GOOD TO SET BOTH FEET DOWN ON TEXAS EARTH, TO COME  
HOME TO HOUSTON.**

**2**

**I AM PLEASED TO BE BACK AT THE FORUM CLUB, WHICH HAS  
CONTRIBUTED SO MUCH TO PUBLIC DEBATE ON THE IMPORTANT  
ISSUES OF THE DAY. I'M GLAD THAT BOB MOSBACHER IS WITH ME  
-- A PAST PRESIDENT OF THE FORUM CLUB, NOW HANDLING THE  
TOUGH ASSIGNMENT AT COMMERCE -- AND NOT SURPRISINGLY,  
DOING A SUPERB JOB.**

**I TAKE GREAT PRIDE IN WHAT IS HAPPENING HERE. AFTER  
DIFFICULT TIMES, HOUSTON HAS TURNED THE CORNER.**

3

I'VE CHECKED THE STATISTICS, AND THEY'RE IMPRESSIVE: 280 NEW COMPANIES LAST MONTH, NEARLY 90,000 NEW JOBS IN THE AREA IN THE PAST TWO YEARS, AND YOUR UNEMPLOYMENT RATE IS ALMOST HALF WHAT IT WAS JUST TWO YEARS AGO. AND BEST OF ALL, THE NEW HOUSTON IS BEING BUILT UPON A BROAD ECONOMIC BASE.

I'VE COME HOME TO TEXAS TO TELL YOU WE'RE HARD AT WORK IN WASHINGTON -- AND WE'RE MAKING PROGRESS. ((BY THE WAY, I CAME TO HOUSTON TO SHARE THE GOOD NEWS WITH YOU BECAUSE THEY'VE ALREADY HEARD IT IN LUBBOCK.))

4

WE'RE WORKING TO DRIVE DOWN THE DEFICIT. WE CAN BRING FEDERAL SPENDING UNDER CONTROL -- AND INTO BALANCE WITH OUR RESOURCES. UNDER OUR BUDGET, WE'LL HAVE \$80 BILLION DOLLARS IN NEW REVENUE FOR 1990. WE CAN STAY ON TRACK TO MEET THE GRAMM-RUDMAN TARGET -- AND WE CAN DO IT WITH NO NEW TAXES.

THE KEY TO BUILDING A BETTER AMERICA IS A REALISTIC AND WORKABLE BUDGET, LIKE THE ONE I SENT TO CONGRESS FIVE WEEKS AGO.

WE'RE WORKING NOW ON A PLAN THAT WILL HELP DEVELOPING NATIONS COPE WITH THE BURDEN OF DEBT -- A SOLUTION THAT PROMOTES GROWTH AND STABILITY IN WORLD MARKETS.

WE'RE WAGING A WAR ON DRUG-ABUSE ON EVERY FRONT: MORE EFFECTIVE EDUCATION AND AWARENESS EFFORTS TO DRY UP DEMAND FOR ILLEGAL DRUGS, AND TOUGHER LAW ENFORCEMENT AND INTERDICTION TO CUT OFF SUPPLIERS, AND PUT THE DEALERS BEHIND BARS -- WHERE THEY BELONG.

WE'RE WORKING TO ESTABLISH A SIX-MONTH TRAINING WAGE, AS PART OF A PACKAGE RAISING THE MINIMUM WAGE FROM \$3.35 TO \$4.25 AN HOUR. \$4.25 IS MY FIRST -- AND LAST -- OFFER. ANYTHING HIGHER WILL ACTUALLY COST US JOBS, BY RAISING COSTS FOR MANY EMPLOYERS, AND WILL HAVE AN ADVERSE AFFECT ON INFLATION AND PRODUCTIVITY. A TRAINING WAGE DOES JUST THE OPPOSITE -- PROVIDING THOSE NOW JOBLESS -- ESPECIALLY FOR YOUTH AND MINORITIES -- A HAND-HOLD ON THE ECONOMIC LADDER, A MEANS OF MOVING UP.

7

AND WE'RE WORKING HARD ON A SERIOUS PROBLEM ALL TEXANS ARE AWARE OF -- THE THREAT TO OUR FINANCIAL SYSTEM POSED BY INSOLVENT SAVINGS AND LOANS. LESS THAN THREE WEEKS AFTER TAKING OFFICE, I ANNOUNCED A COMPREHENSIVE SET OF PROPOSALS TO TAKE EFFECTIVE ACTION ON THIS PROBLEM. WE MUST CLEAN UP THE S&L SYSTEM, SO THAT THE QUESTIONABLE PRACTICES AND OUTRIGHT ILLEGALITIES THAT CAUSED THE CURRENT CRISIS WON'T HAPPEN AGAIN.

8

NATIONWIDE, INSOLVENT S&LS STILL IN OPERATION ARE INCURRING OPERATING LOSSES AT A RATE OF ABOUT \$300 MILLION DOLLARS A MONTH -- THAT'S ALMOST \$1 MILLION DOLLARS DURING THE COURSE OF THIS LUNCHEON. THREE WEEKS AGO, I SENT THE CONGRESS A BILL THAT WILL ENABLE US TO TAKE ACTION TO HALT THE DOLLAR DRAIN, AND MOVE FORWARD ON STABILIZING OUR S&L SYSTEM. IT'S A SOUND AND COMPREHENSIVE PLAN -- AND IT HAS BEEN WELL RECEIVED. I WANT TO SEE THAT BILL PASSED WITH ITS CENTRAL PROVISIONS INTACT. THERE'S NO EXCUSE FOR FURTHER DELAY.

**ONCE THE LEGISLATION IS ENACTED, WE MUST TURN OUR ATTENTION TO CAREFUL AND RESPONSIBLE HANDLING OF THE ASSETS OF FAILED S&LS. LET ME BE CLEAR ON A KEY POINT: INSURED DEPOSITORS ARE NOT AT RISK. THEY ARE FULLY PROTECTED, AND WILL CONTINUE TO BE FULLY PROTECTED.**

**OUR SOLUTION MUST ENSURE THE LEAST POSSIBLE DISRUPTION TO LOCAL MARKETS -- AND AT THE SAME TIME KEEP COSTS TO A MINIMUM. AND LET ME SAY CLEARLY: WE MUST SEE TO IT THAT THOSE S&L OFFICIALS GUILTY OF CRIMINAL ACTIONS ARE PURSUED AND PUNISHED FOR THE LOSSES THEY HAVE CAUSED.**

**THESE ARE SERIOUS CHALLENGES -- TICKING TIME BOMBS THAT WE NEED TO DEFUSE WITHOUT DELAY. AND WE'RE DOING JUST THAT.**

**BUT THESE ARE BY NO MEANS THE ONLY ISSUES THAT DEMAND LEADERSHIP AND PROMPT ACTION. WE'RE ENTERING THE 1990s -- A HORIZON DECADE -- THRESHOLD TO A NEW CENTURY.**

FOR PEOPLE MY AGE -- AND FOR PEOPLE A GOOD DEAL YOUNGER -- THE 21ST CENTURY HAS BEEN THE PLACE IN OUR MINDS THAT WE PUT ALL THE FANTASTIC IDEAS, ALL THE DISCOVERIES AND INVENTIONS WE COULDN'T DREAM OF EXPERIENCING IN OUR OWN TIME. "THE 21ST CENTURY" WAS JUST ANOTHER NAME FOR A FUTURE THAT SEEMED AS DISTANT AS A VOYAGE TO THE MOON.

HERE IN HOUSTON, WE HAVE A BETTER SENSE OF HOW WE CAN COVER THAT DISTANCE, AND TRANSFORM A DISTANT FUTURE INTO OUR DESTINY.

THE TRUTH IS, THE 21ST CENTURY ISN'T FAR AWAY AT ALL. I GRADUATED FROM HIGH SCHOOL IN THE CLASS OF '42. OUR FIRST GRADERS TODAY WILL BE THE CLASS OF 2000.

THE 21ST CENTURY IS HERE -- IN OUR CHILDREN. THE ESSENTIAL QUESTION TODAY IS: WHAT ARE WE DOING TO PREPARE FOR THE NEW WORLD THAT BEGINS ELEVEN SHORT YEARS FROM NOW?

THAT'S WHAT MY AGENDA IS ALL ABOUT.

BUILDING A BETTER AMERICA MEANS LAYING THE FOUNDATIONS TODAY FOR THE KIND OF FUTURE WE WANT.

**PREPARING FOR OUR FUTURE MEANS INVESTMENT -- IN OUR ECONOMY AND IN OUR SCHOOLS. IT MEANS SAFEGUARDING THE ENVIRONMENT AGAINST SHORT-SIGHTED ACTIONS THAT DO LONG-TERM DAMAGE. IT MEANS FINDING WAYS TO PRESERVE AND STRENGTHEN INDISPENSABLE INSTITUTIONS LIKE THE FAMILY IN THE MIDST OF SOCIAL CHANGE.**

**IT MEANS TAKING A LONG-RANGE LOOK AT THE INTERNATIONAL LANDSCAPE, TO DETERMINE WHAT POLICIES AND APPROACHES WILL KEEP US FREE, PROSPEROUS AND AT PEACE IN THE 21ST CENTURY, AS WE ARE TODAY.**

**AND SPEAKING OF FREEDOM, IT MEANS FORMULATING A MULTI-SOURCE ENERGY POLICY THAT, IN THE LONG RUN, WILL MAKE US LESS DEPENDENT ON FOREIGN OIL....**

**THESE AREN'T MINOR MATTERS OR UNIMPORTANT ISSUES.**

**THESE ARE CONCERNS THAT WILL DETERMINE WHAT KIND OF WORLD WE LIVE IN -- AND WHETHER WE AS A PEOPLE LIVE UP TO OUR AMERICAN IDEALS.**

**AND THEY'RE AT THE CENTER OF MY AGENDA FOR A NEW AMERICAN CENTURY.**

**TO PREPARE FOR THE FUTURE, WE'VE GOT TO INVEST IN OUR ECONOMY: WE'VE GOT TO CREATE INCENTIVES FOR NEW INVESTMENT, AND AGGRESSIVE R&D PROGRAMS THAT ARE CATALYSTS TO TECHNOLOGICAL ADVANCE. I'VE CALLED FOR A PERMANENT R & E -- RESEARCH AND EXPERIMENTATION -- TAX CREDIT TO CREATE THAT INCENTIVE AND A 13% INCREASE IN FEDERALLY FUNDED SCIENCE RESEARCH.**

**WE'VE GOT TO CUT THE CAPITAL GAINS TAX -- AND I'VE ASKED THE CONGRESS TO JOIN WITH ME ON THIS -- TO SPUR THE ENTREPRENEURIAL ACTIVITY THAT MEANS NEW PRODUCTS, NEW INDUSTRIES AND NEW JOBS. FREE ENTERPRISE IS THE ENGINE OF GROWTH THAT CAN LEAD US INTO THE NEXT CENTURY. IT'S UP TO GOVERNMENT TO MAINTAIN A CLIMATE THAT IS HOSPITABLE TO GROWTH, COMPETITIVENESS AND PRODUCTIVE INVESTMENT, ONE THAT GIVES FREE ENTERPRISE FREE REIN.**

AND BY THE WAY, MY PROPOSAL ON RESTORING THE CAPITAL GAINS TAX DIFFERENTIAL WILL ADD \$4.8 BILLION DOLLARS IN NEW REVENUES TO THE TREASURY IN 1990 ALONE.

TO PREPARE FOR THE FUTURE, WE'VE GOT TO PROTECT OUR ENVIRONMENT. WHETHER WE'RE TALKING ABOUT THE DISPOSAL OF NUCLEAR OR OTHER HAZARDOUS WASTES, OR THE DISCHARGE OF CFCs INTO OUR ATMOSPHERE, THE UNITED STATES -- ON OUR OWN AND IN CONCERT WITH OTHER NATIONS -- MUST MAKE A CLEAN ENVIRONMENT A TOP PRIORITY. AND WHAT I'VE DONE SO FAR SHOWS THIS ISN'T JUST TALK -- I'M TAKING ACTION.

TO PREPARE FOR THE FUTURE, WE MUST ENCOURAGE AND IMPROVE EDUCATION. WE MUST RECOGNIZE AND REWARD EXCELLENCE IN EDUCATION -- IN OUR SCHOOLS, OUR TEACHERS, OUR STUDENTS. MY MERIT PROPOSALS -- FOR TEACHERS, SCHOOLS, AND OUR NATION'S BEST YOUNG SCIENCE SCHOLARS -- WILL REWARD THE BEST, AND ENCOURAGE OTHERS TO FOLLOW THEIR EXAMPLE. OUR NATIONAL SCIENCE SCHOLARSHIPS ALONE WILL PROVIDE 570 TOP STUDENTS UP TO \$10,000 A YEAR TO ATTEND THE COLLEGE OF THEIR CHOICE.

WE CAN ALSO STRENGTHEN OUR SCHOOLS BY INTRODUCING AN ELEMENT OF COMPETITION INTO EDUCATION. MAGNET SCHOOLS GIVE PARENTS AND STUDENTS THE POWER TO CHOOSE THEIR SCHOOLS, AND THAT WILL SERVE AS A POWERFUL INCENTIVE FOR SCHOOLS TO IMPROVE THEIR PERFORMANCE. THAT'S WHY I'VE URGED CONGRESS TO PROVIDE \$100 MILLION TO HELP WITH THE START-UP COSTS FOR NEW MAGNET SCHOOLS.

PREPARING FOR THE FUTURE MEANS CONFRONTING THE CHANGING NATURE OF OUR SOCIETY.

WHAT ARE WE DOING IN THE AGE OF THE SINGLE-PARENT AND THE TWO-CAREER HOUSEHOLD TO HELP THE FAMILY SURVIVE AND PROSPER?

I'VE CALLED ON CONGRESS TO ADOPT A SET OF CHILD CARE INITIATIVES AIMED AT STRENGTHENING THE AMERICAN FAMILY -- AND GIVING PARENTS A CHOICE. I DON'T WANT FEDERAL REGULATORS TO PUSH CHURCHES AND PRIVATE GROUPS OUT OF THE CHILD CARE BUSINESS.

OUR 1990 BUDGET REQUESTS A 20% INCREASE IN FUNDING FOR OUR SUCCESSFUL HEAD START PROGRAM, AND INSTITUTES THIS NEW CHILD CARE TAX CREDIT FOR LOW-INCOME HOUSEHOLDS, TO MAKE BALANCING THE RESPONSIBILITIES OF WORK AND FAMILY LESS DIFFICULT.

AND, OF COURSE, TO PREPARE FOR THE FUTURE, WE'VE GOT TO MAP A NATIONAL SECURITY STRATEGY THAT ENSURES OUR FREEDOM, AND GIVES DUE WEIGHT TO EACH FACTOR OF CHANGE IN THE INTERNATIONAL SCENE.

THAT'S THE AIM OF THE SERIES OF DEFENSE AND FOREIGN POLICY REVIEWS I'VE INSTRUCTED MY NATIONAL SECURITY TEAM TO CONDUCT.

THIS IS AN AMERICAN AGENDA FOR THE LONG-TERM. WE AREN'T GOING TO CLEAN UP THE ENVIRONMENT, TURN OUR EDUCATION SYSTEM AROUND, OR CREATE A MORE RESPONSIVE BUSINESS CLIMATE IN A SINGLE DAY. BUT IF WE BEGIN TODAY, AND MAKE STEADY PROGRESS, WE WILL SUCCEED.

IN THIS KIND OF WORK, MORE IS GOING ON THAN MEETS THE EYE -- OR MAKES THE HEADLINES.

**THE PROOF WILL COME WHEN WE LOOK BACK FROM THE YEAR 2000. AND I'M CONFIDENT THAT WE WILL BE ABLE TO LOOK BACK WITH PRIDE ON WORK WE DID TO GET READY FOR A NEW CENTURY -- PROVIDED WE LOOK FORWARD TODAY.**

**-- WE MUST ENTER THE 21ST CENTURY AS A STRONG AND TRUSTED PARTNER IN THE ALLIANCE OF FREE NATIONS, A FRONT-LINE LEADER IN DEFENSE OF FREEDOM.**

**-- WE MUST ENTER THE 21ST CENTURY AS A PRODUCTIVE, ENERGETIC AND INNOVATIVE MEMBER OF THE GLOBAL ECONOMY, SECOND TO NONE IN THE TECHNOLOGICAL COMPETITION THAT WILL DETERMINE ECONOMIC LEADERSHIP IN THE DECADES AHEAD.**

**-- WE MUST ENTER THE 21ST CENTURY AS A NATION WHOSE PEOPLE ENJOY FREEDOM, OPPORTUNITY, AND A QUALITY OF LIFE THAT FULFILLS THE AMERICAN PROMISE -- A SOCIETY THAT DRAWS ITS STRENGTH FROM THE INDIVIDUAL, THE FAMILY, THE COMMUNITY, AND A GOVERNMENT WISE ENOUGH TO RESPECT THOSE INSTITUTIONS AS THE CORNERSTONE OF OUR DEMOCRATIC SYSTEM.**

WE'VE GOT WORK TO DO -- WORK THAT WON'T WAIT -- GREAT  
WORK TO ENSURE THAT THE NEXT CENTURY NOW ON THE HORIZON  
WILL BE A NEW AMERICAN CENTURY.

THANK YOU VERY MUCH. ((AND NOW, UNLESS THAT WAS ALL  
PERFECTLY CLEAR TO ALL OF YOU, I'LL TAKE SOME QUESTIONS.))

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