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OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE
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REMARKS OF GOVERNOR BILL CLEMENTS
SECOND GOVERNOR'S CONFERENCE ON MAQUILADORAS
UNIVERSITY OF HOUSTON

It's a pleasure to welcome you to the University of Houston for this, our Second Governor's Conference on Maquiladoras.

I'm especially pleased to be here because it gives me the opportunity to offer a special word of greeting to my friend, Americo Villarreal, who joins us from the state of Tamaulipas.

Unlike Texas, Tamaulipas bore the full brunt of Hurricane Gilbert. And in the neighboring states of Nuevo Leon and Coahuila, Gilbert continued to ravage not only homes, but lives.

Our hearts go out to the many families who lost loved ones to this terrible storm. There's nothing we can do or say to fill that loss. But just as we assisted Mexico when Gilbert was upon us, Texas will do what we can to help now.

We share more than a boundary with Mexico. We share history, culture and a vision of hope for a better future for our children. We are linked not only by common land, but by common goals and by people whose roots in both our countries bind and strengthen us.

We are friends, in good times and in bad. Whether its preparing together for a deadly storm or developing economic programs to benefit both sides of the border, we stand shoulder-to-shoulder to respond to the needs of our people.

U.S./Mexico
Border
issues

Yes, the economic and social well-being of our regions are closely related. Full recovery of the Texas border economy depends, in large measure, on economic advances within Mexico. And certainly, the health of our economy statewide is related to economic conditions along the Rio Grande.

Clearly, our proximity to Mexico and our ties to its people are two of our greatest natural assets. This conference is about those assets and the opportunities that exist for both our regions as a result.

Twenty years ago, the word "maquiladora" was scarcely known in the United States. But today, the Spanish word for a production sharing facility is an important part of our economic vocabulary and a crucial element in our work to create new jobs.

There is, perhaps, no single program in Mexico as vital to our state's economic growth and progress.

Since the maquiladora program was established in 1965, some 400 companies have become more competitive -- domestically and abroad -- by expanding part of their production to the Texas-Mexico border.

Today, the Mexican states across from Texas host production plants for many Fortune 500 companies. General Motors, for instance, has 25 plants; Zenith Corporation has six; Ford operates seven; and General Electric has eight.

The benefit to Mexico is significant. In the past 23 years, the maquiladora industry has become Mexico's second largest source of foreign income, only behind oil and gas.

So, what does this mean for Texas?

In short, it means new jobs and the expansion of our commercial and industrial base. It means new opportunities and another strong plank in our platform to bolster the Texas economy.

According to the U.S. International Trade Commission, maquiladora activity in Mexico is more beneficial to the U.S. economy and job retention than if the plants were located somewhere in the Far East.

The commission found that Mexican plants use more American component parts and raw material in their production than do businesses operating out of Singapore or Taiwan, for example.

For the U.S. businesses operating across the border, the benefits include lower transportation costs between Mexico and facilities in this country. The proximity to parent plants, services and customers in the United States is another plus, as is the quality of labor in Mexico and its highly competitive cost.

It's a win-win deal. Business benefits; Mexico benefits; and yes, Texas benefits, too.

There is a very real correlation between the growth of maquiladoras and employment and trade in Texas communities.

For every 100 maquiladora jobs in Mexico, there are an estimated 20 jobs in Texas. Statewide today, this industry employs more than 12,000 Texans at 154 plants and businesses.

Studies also show that maquiladora employees from Mexico spend some 35 percent of their wages in Texas. That adds up to an investment estimated at 150 million dollars a year.

But this one sector -- now underscored by our economic agreements with the Mexican border governors -- holds countless more opportunities and challenges.

Let me give you an example: Some 34,000 new jobs will be created in Texas if we can capture just 25 percent of the maquiladora parts and supplies market.

Texas is well-placed -- literally well-placed -- to dramatically increase our share of this market. Frankly, it's cheaper for a business to transport its component parts from Texas to Mexico, than it is to transport from the East Coast. It's just good business.

And it makes absolute economic sense for Texas to promote our location as we work to bolster our share of this component market.

Today, maquiladoras buy supplies from or produce parts for plants in 36 Texas communities -- 25 of them are outside the border region in cities like Nacogdoches, Waco and Lubbock.

There are many of you here today who could be and should be in the maquiladora loop.

Why couldn't you sell your electrical components, your packing materials, your precision machines or your electric motors to one of the many companies operating a maquiladora in Mexico?

There's no reason why you couldn't.

Why should one of those companies buy materials from Ohio or Michigan, when they can buy them from one of you right here in Texas?

There's no reason why they should.

But it's up to everyone one of us to make it happen.

And I want you to know that you have my support every step of the way.

In May, I met with the corporate leaders of Ford and General Motors to discuss the potential of the Texas component market for their businesses. And believe me, they fully realize that the cost of transportation is one of our bargaining chips.

But that's not all we have going for us in Texas. Quality products and service are part of the Texas trademark, part of our tradition. Texans know

how to get the job done and done right. We know it, and now we're making sure that the rest of the country knows it, too.

Side-by-side, we can capture our share of the component market; we can create new jobs and capitalize on those many opportunities. That's what this conference is all about -- showing you where the opportunities lie, and then letting loose your Texas enterprising spirit.

This is not a border issue. It's not a regional issue. It's a Texas issue. It's a jobs issue.

And now, it is my pleasure to introduce your next speaker, the Governor of Tamaulipas.

Last year, I had the honor of joining President De la Madrid at Governor Villarreal's inauguration. Since then, the Governor and I have held a number of meetings -- meetings that have resulted in a mutual agreement to work for greater economic cooperation between our states. This conference is a product of those sessions.

Governor Villarreal is a man of action who is dedicated to his people, his state and his country. And let me say that I applaud his diligence and his commitment to economic development on both sides of the border.

I am pleased to present to you, my friend, Governor Americo Villarreal.

END

Valley colonias residents testify for bonds issue

MAR 09 1989

By T. GREGORY GILLAN
Houston Chronicle Austin Bureau

AUSTIN — Residents of the South Texas colonias, Texas' own "Third World," testified Wednesday for a proposal that would issue \$500 million in bonds to help them build water and sewage systems.

The residents wanted homesteads, not handouts, but were swindled by unscrupulous developers who promised them — but didn't provide — clean water, sewage and roads, the Senate Natural Resources Committee was told.

"There is in our culture a strong desire to own property," said Sen. Tati Santiesteban, D-El Paso, who is sponsoring the bonds plan. "You can apply for public housing and live in a ghetto . . . or go buy your own piece of land and live in dignity."

Santiesteban's proposal, titled the Economically Depressed Area Residential Water and Sewer Service Development Act, also is an attempt to limit expansion of the more than 700 existing colonias between El Paso and Brownsville.

† Developers would face civil penalties under the measure if they did not provide water systems to buyers of plots of one acre or smaller.

The bond money could be raised over a five-year period by the Texas Water Development Board and the bonds would not be guaranteed by the state. The Legislature would have the option of making up any difference the residents could not pay back, but would not be obligated to do so.

"We have been living here (in Texas) for eight years and have been paying taxes," said colonia resident Antonia Reveles.

"I think we have a right to have

water. We have a right to live in better conditions."

To be eligible for state aid, counties would have to have an unemployment rate 15 percent above the state average, and a per capita income 15 percent below the state average.

Cities and districts within those counties would be eligible. There are 27 such counties, and all but four are in the Rio Grande Valley.

"Unfortunately, there have been some unscrupulous individuals taking advantage of some of the poorest individuals in Texas," said bill co-sponsor Sen. Hector Uribe, D-Brownsville.

"Often a developer is only required to cut a road into the colonia, and the road is often ungrated and becomes a sea of mud with the first rain," said Amalia Lerma of Weslaco, co-chair of the Texas Industrial Areas Foundation network.

"The soil is left contaminated with human waste . . . our children have to walk through this mess to get to and from the school bus," Lerma said.

Lerma said one-fifth of the Rio Grande Valley's 800,000 people live in colonias.

"We are homeowners. We are citizens of the United States. But we are poor. We want to pay our part, but we want to pay something we can afford," Lerma said.

Arturo Porrás, an engineer with the El Paso Health District, said the colonias have three to four times greater incidence of gastrointestinal diseases, including hepatitis.

"The conditions are really those of the Third World. Sometimes, I'll tell you, I really don't know where I'm at."

Colonias needs called critical

Senators told El Paso areas need funds for water system

AMERICAN STATESMAN
Associated Press

Thousands are living in unhealthy conditions in colonias near El Paso and in the Rio Grande Valley, and a bill to help supply them with water systems is critical, witnesses told state senators Wednesday.

"The soil is contaminated with human waste . . . the children walk through it to go to school" after rain, when primitive water systems and outhouses overflow, said Amalia Lerma of the Valley Interfaith.

Lerma and Rebecca Rojo of the El Paso Interfaith Sponsoring Organization urged the Senate Committee on Natural Resources to send the bill by Sen. Tati Santiesteban, D-El Paso, to the full Senate.

"This bill is not a free ride for our people," she said. "We are citizens of the United States, but we are poor. We want to pay our part, but a part we can afford."

She said even with financial aid provided in the bill, colonias residents would pay a

higher percentage for water systems than would urban residents.

The women were among numerous people — including Agriculture Commissioner Jim Hightower and former Commissioner John White — who testified on the bill, which was sent to the Senate Subcommittee on Water.

Under the bill, co-sponsored by Sen. Hector Uribe, D-Brownsville, developers could face civil penalties for selling property without water systems or plans to provide them.

The bill would target 27 counties for grants and loans to build water systems in existing colonias, and would empower counties to restrict future formation of colonias.

All but four of the eligible counties are on or near the border.

To fund the water systems, the bill would permit the Texas Water Development Board to issue \$500 million in revenue bonds over five years and use the money to make low-interest loans for construction.

Sanitation utilities *PA4* sought for *colonias*

By MARK LEWIS *SA light*
Austin bureau

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MAR 09 1990

AUSTIN - A parade of witnesses Wednesday urged a Senate committee to pass a bill to bring water and sewage facilities to *colonias* - the poor rural communities foisted upon Texas border counties by unscrupulous developers.

The witnesses got a friendly reception from the Natural Resources Committee chairman, Sen. Tati Santiesteban of El Paso, who happens to be the bill's sponsor.

"Between El Paso and Brownsville there are over 700 illegal subdivisions," Santiesteban said. "We need to assist those that are there now."

The bill would set up a \$500 million bond program to help *colonias* residents and their county officials put in water and sewer service.

The bill also would give those county officials more regulatory power to prevent developers from establishing new *colonias* - a provision that is expected to attract opposition in a Legislature that traditionally is loathe to let county

We need to assist those that are (in colonias) now.

- SEN. TATI
SANTIESTEBAN
Sponsor of bill



officials have anything resembling zoning powers.

"It is not county zoning," Assistant Attorney General Burgess Jackson testified. "It's merely the ability to require water and sewer facilities before a subdivision plat is approved."

After the hearing, Santiesteban sent the bill back to a subcommittee for further tinkering, saying he expected to bring it up for a vote next week.

"It's critical that we pass it this session," said Sen. Judith Zaffirini, D-Laredo, who serves on the committee.

Colonias to get running water

JAN 19 1989 SA Light A-13

EL PASO (AP) - As many as 600 houses a year in East El Paso County "colonias" finally can get treated running water now that the city has agreed to sell 55 miles of waterlines outside the city.

Officials said some residents of the waterless, poor subdivisions might get running water in about six weeks.

The Lower Valley Water District will buy the 55 miles of waterlines from the city for \$2.7 million, which will be repaid during 20 years. El Paso's City Council approved the sale Tuesday.

Until the city's Public Service Board completes a \$25 million water treatment plant scheduled to open in 1992, the water district will be allowed to connect as many as 600 houses and businesses to the

system annually.

In exchange, the water district must give the city Rio Grande water rights from 1,500 acres of former cotton-farming land in the area that has been taken out of production.

The contract represents El Paso's first agreement to expand water service outside city limits since 1979, when the city adopted a policy delivering water past the city limits in an effort to curb rapid growth in El Paso County.

Colonias

New water plans may speed service to colonias

DALEAS MORNING NEWS
Associated Press

SEP 1 3 1988

EL PASO — Officials have come up with a plan they say could speed up efforts to bring water to east El Paso County colonias by up to two years.

The Lower Valley Water Authority will try to provide water to the poor rural areas sooner than expected by leaving the federal Bureau of Reclamation out of the negotiation process, officials said Monday.

About 28,000 people live without running water in the Lower Valley of east El Paso County. The water authority was formed to help the area's residents obtain safe drinking water.

Under the new plan, some Lower Valley residents could get water as soon as December, said Dale Jones, president of the water authority.

The authority was working on a plan to trade Rio Grande irrigation water rights to El Paso's water utility, which would treat the water and sell it back to the authority to distribute.

But earlier this summer, the Bureau of Reclamation announced the authority would have to submit an environmental impact study because it would be changing the use of the water from agricultural to domestic. Such a study could take six months to two years to complete.

Darcy Frownfelter, attorney for the water authority, said Monday the authority will contract only for water not now being used to irrigate crops. That would leave the Bureau of Reclamation out of the agreement and shorten any environmental study, if needed, officials said.

If the plan is legal, the Bureau of Reclamation will not stand in the authority's way, said Glade Barney, contracts and repayment specialist with the bureau.

Barney said Interior Secretary Donald Hodel still would have to approve any contract to use Rio Grande water.

Dan Page, the bureau's superintendent in El Paso, said the bureau wants to cooperate with the water authority.

Charity in receivership

SEP 1 3 1988

Magnificat House's new board OK'd

By Brenda Sapino
OF THE HOUSTON POST

A judge Monday approved the appointment of a new board to run Magnificat House Inc., a charity for the homeless mentally ill that has operated in receivership since April.

The receivership will be dissolved as soon as state District Judge Louis Moore signs a final agreed order to end a lawsuit brought against the charity by the Texas attorney general's office. Moore approved the new board Monday, however.

The attorney general's office had

alleged fiscal mismanagement against charity founder Rose Mary Badami, but the most serious of the charges were refuted in a financial analysis report filed during the summer with the court.

Badami and representatives of the attorney general's office jointly praised the new 11-member board that will oversee the charity, which operates 11 houses.

"It is a good compromise," said assistant attorney general Rose Ann Reeser, new chief of the office's charitable trust division.

Badami, who founded the charity as a shelter for the homeless mentally ill in 1968, is one of the

11 members on the new board.

Besides Badami, the new board members, all of Houston, are Mary Jane Graham, John Anderson, Ralph Kennedy and Joe Toner, all volunteers at the charity; Cary Urban, an attorney; Mary Eileen Dobson, a counselor; Leonel Castillo, president of The Hermann Trust and president of Houston International University, and George Patrick Daugherty, a priest.

Two others, doctors Dale Johnson and Bruce Graunke, were approved pending review by the attorney general's office, said James Pinedo, an attorney for Magnificat House.

Task force plans to study proposals

POST AUSTIN BUREAU SEP 1 3 1988

AUSTIN — A legislative task force studying the juvenile justice system decided Monday to take at least a month to study proposals for its final report, including eliminating some drug awareness programs in schools and creating pre-divorce classes for parents.

The Senate select committee said it may be November before final recommendations to the Legislature are approved.

A draft report prepared by the committee staff suggested scrapping obsolete drug awareness programs in public schools and concentrating on teaching more useful concepts such as stress management.

Another proposal would call on parents to attend a pre-divorce class before separating in an effort to lessen the impact on children.

TEXAS & SOUTHWEST

More Texas & Southwest news, Pages 29-33A, 13-14D

U.S. hopes to speed environmental study that blocks water for 'colonias'

Associated Press

EL PASO — The Interior Department might approve a plan next year to deliver clean running water to poverty-stricken subdivisions in south El Paso County. James Ziglar, assistant interior secretary for water and science, toured one such waterless *colonia* Tuesday, attended a two-hour meeting with El Paso

County officials and said afterward that the federal department will try to speed up an environmental study that is holding up delivery of water.

About 28,000 people live without safe drinking water in El Paso County *colonias*, most of which lie amid cotton fields on the Rio Grande's north bank. Many drink well water that is contaminated

with waste from outhouses. Others tote jugs of water from nearby towns.

County and city officials established a plan during the summer that involved converting Rio Grande irrigation water into use as drinking water, but the Interior Department's Bureau of Reclamation put the brakes on the idea.

The problem, the bureau said, is that a lengthy environmental impact statement is needed to convert irrigation water to drinking water. Faced with a possible delay of two years, county officials asked the Interior Department to allow them to submit a simpler environmental assessment.

On Tuesday, Ziglar said the bu-

reau will do an environmental assessment by building on one already submitted by the Rio Grande Council of Governments. But Ziglar did not rule out that a detailed environmental impact statement might be needed later.

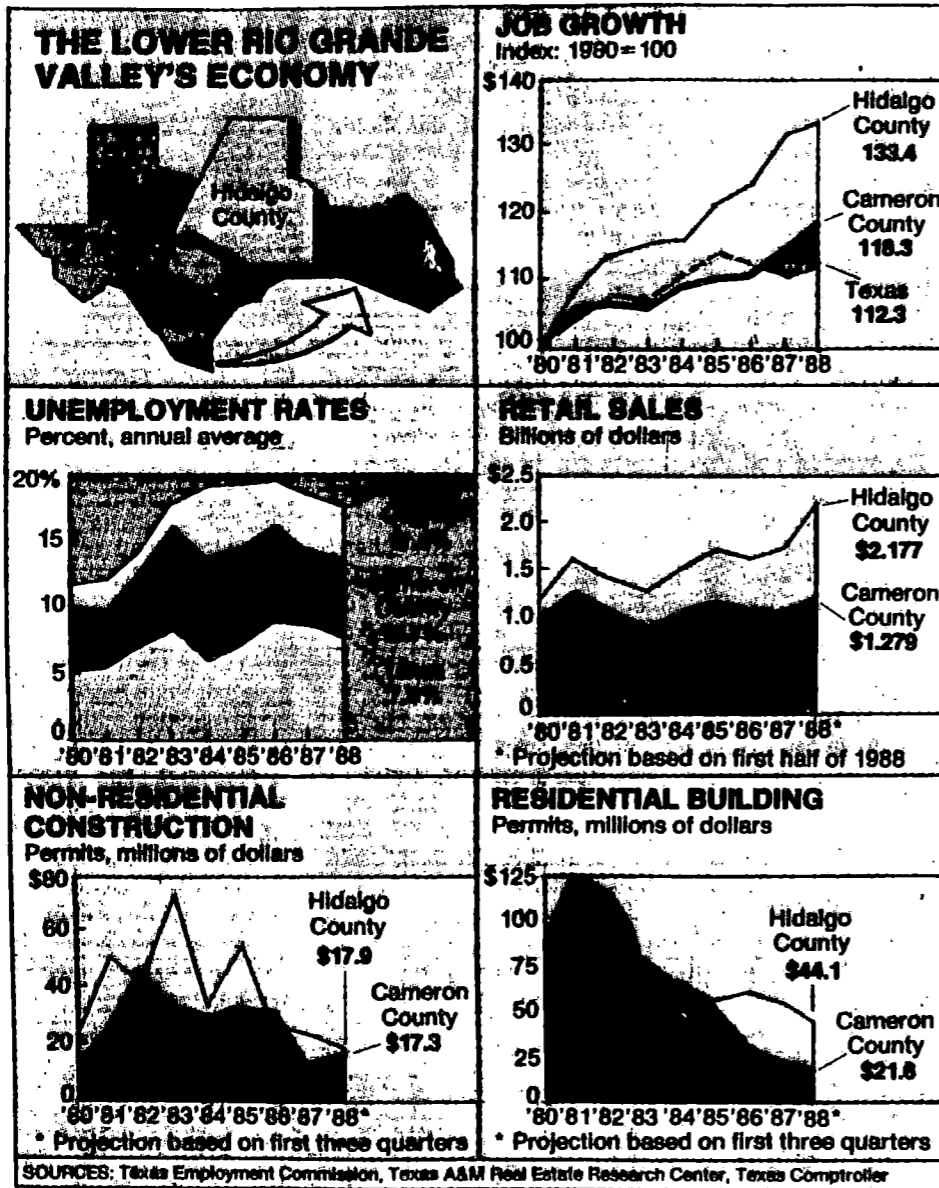
"The Bureau of Reclamation does not want to be an obstacle, but we do have to follow the environ-

mental laws," Ziglar said after meeting with officials of the county, the city of El Paso, the Lower Valley Water Authority and the Rio Grande Council of Governments.

All agreed to come up with a plan by Nov. 17 for an environmental assessment. The assessment would be done by next September.

CROSSING THE RIO GRANDE

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U.S. side of border benefits from booming maquiladoras

DEC 1 8 1988

By Richard Alm
Staff Writer of The Dallas Morning News

BROWNSVILLE, Texas — The Lower Rio Grande Valley's economy has taken its share of lumps in this decade.

Sharp devaluations of Mexico's peso several times since 1982 have kept many shoppers from coming across the border to buy. A hard freeze in December 1983

THE ECONOMY

nearly wiped out the citrus industry. Sagging oil prices since 1985 have been doubly unkind — not only pinching the economy of the rest of Texas but also keeping Mexico from shaking off its worst economic crisis since the revolution in 1910.

"The 1980s have been a bust," said J. Michael Patrick, director of the Center for Entrepreneurship and Economic Development at Pan American University in Edinburg, Texas, "but we're coming out of that now."

Patrick and others who keep track of the Valley's economy have been heartened lately by signs the hard times may be over. If the growth rate of the first six months holds up for the year, retail sales are heading for a record in Hidalgo County and for the best year since 1981 in Cameron County. Homes that a few years ago were virtually unsellable are now finding buyers. Building activity appears to be getting off the canvas, although the peak years of the early 1980s are still out of reach.

Job growth has been outpacing the state as a whole for several years. Average unemployment rates in Cameron and Hidalgo counties, though still high, are running at levels that haven't been seen since 1982.

"Things have picked up," said Ronald Arriola, associate director of the Center for Entrepreneurship and Economic Development. "We feel the Valley is leading the rest of the state in terms of growth."

The Valley stretches along the last 70 or so miles of the Rio Grande as it makes its way along the South Texas border toward the Gulf of Mexico. The pillars of the region's economy have long been farming, retailing and public-sector employment. One or more has faltered to create the shocks that hit the economy in the 1980s, but this year all are holding up well.

The emerging prop to the Valley's economic activity, however, is Mexico's *maquiladoras*, those manufacturing-for-export plants set up to take advantage of Mexico's wage rates of about \$3.50 a day. The *maquila* program has been in place for 20 years, but until recent years, the Valley had for the most part ignored it as something that took place in "that other country" on the south side of the Rio Grande.

"We are only now beginning to recognize how all those plants over there can benefit us," said Bob DeSpain, a 20-year IBM worker who is aiding Pan American in its economic-development work.

Ignoring the *maquiladora* industry has Please see SOUTH on Page 2H.

Continued from Page 1H.

become almost impossible now that it has shifted into high gear. The number of plants in Matamoros, opposite Brownsville, has doubled since 1985 to 72. A new arrival is Breed Automotive Group, which has a plant under construction to make devices that will trigger air bags in collisions. In Reynosa, 40 miles upriver and opposite McAllen, Texas, there are 32 companies, up from 15 three years ago. Another 15 are under construction.

"My job is to attract jobs to Brownsville, Texas," said Mike Hale of the Brownsville Economic Development Commission. "The low-cost labor in Matamoros is the competitive edge that we have over other Texas and U.S. cities."

The Valley has been receiving passive benefits from the *maquilas* with a boost to retail sales. Mexican workers, by one estimate, spend at least 25 percent of their pay on the U.S. side of the border. Most of the plants, moreover, have to set up warehousing, accounting or finance operations in the United States. Patrick says at least 10,000 U.S. jobs are directly tied to the estimated 135 *maquiladoras* employing 70,000 Mexicans between Matamoros and Nuevo Laredo.

"That's what the *maquilas* mean to us now," Patrick said, "but what could they mean to us in the future? There's a tremendous market over there that we haven't begun to tap, and the *maquiladoras* want local suppliers."

The Valley now has the opportunity to take advantage of the booming *maquiladora* industry across the Rio Grande to diversify its economy with higher value-added manufacturing. What that translates into the economic development professionals say is higher paying jobs.

The *maquilas* opposite South Texas buy as much as \$4 billion from companies in the United



Economic forecaster Ray Perryman says low per-capita income and high unemployment will always be present in the Rio Grande Valley.

States. Just 2 percent of that comes from Texas because the *maquiladora* parents — General Motors Corp., Zenith Electronics Corp., TRW Inc., American Telephone & Telegraph Co. and the like — tend to rely on familiar sources of components in the Midwest or elsewhere in the country.

Many of the *maquilas* are telling Pan American University researchers that they'd be able to cut inventory and transportation costs by sourcing closer to their Mexican plants. One maker of automobile parts, for example, says it could buy 75 percent of its \$62 million in procurement spending locally; another says half of its \$45 million in purchases could be filled by Texas companies.

The Valley for so long failed to take advantage of the *maquiladoras* largely because the agriculture- and retail-based economy didn't de-

velop companies that could provide the plastic moldings, metal stampings, castings, platings and electronic components that the manufacturers need.

The biggest impediment to developing a supplier base is the lack of skilled labor. Setting up a plastic molding company three years ago, DeSpain had to import workers from as far away as Kansas and Wisconsin. Trico Technologies Corp., a windshield-wiper maker with plants in Brownsville and Matamoros, is having trouble filling 15 positions for tool-and-die makers. They're good jobs, paying perhaps \$30,000 a year.

"The local suppliers won't develop unless they can get the skilled labor," Patrick said. "We need a major investment in upgrading the skill level of the workforce."

Another hurdle is the Valley's business culture. The movers and shakers have gotten wealthy from farming, ranching and real estate, but they have little experience with the kind of manufacturing that the modern world requires, with its statistical quality control and inventory management. Some even suggest that the Valley's old power structure is resisting modernization because it wants to maintain a ready supply of dirt-cheap farm hands.

In recent years, some progress has been made in building a supplier base. In August, Ranco Corp. opened a metal stamping and plastic molding operation in Brownsville. Across the Valley, there are now eight companies that can make plastic parts by injection molding, including Regency Plastics, a supplier to TRW, and Taiwanese-owned King's Prosperity Industrial Corp., a supplier to Zenith. Both are newcomers to an industrial park near McAllen's foreign trade zone.

"Three years ago, none of that was here," DeSpain said. "It was all

cabbage fields. You're beginning to see some diversification."

Another company hoping to get a piece of the *maquila* boom is Dallas' Trammell Crow Co., which last month opened an office in McAllen. The company will be building commercial properties on both sides of the border. Crow already has two Reynosa projects under way, one for appliance maker West Bend Co. and another for Wells Manufacturing, a maker of auto parts.

The diversifying of the Valley economy isn't just a spinoff of Mexico's *maquila* boom. The Valley's low wages — in many cases, the minimum of \$3.35 an hour — are helping it attract companies to sell to the U.S. market. The rumor mills were churning last week about Union Underwear of Bowling Green, Ky., coming down to make its Fruit of the Loom products in the Valley. An announcement could come this week.

Calidad Electronics in Edinburg assembles circuit boards, primarily for Digital Switch Corp. in Richardson. George Lundquist, Calidad's president, said the company decided against a *maquiladora* because, even using hand labor, it could produce more cheaply on the U.S. side, once duties on foreign-made components were figured in.

"The manufacturing industry has never been in the Rio Grande Valley. It has been on the East Coast and in the Midwest," said Lundquist, who's starting a *maquila*, La Ventaja Inc. "We're a world-class electronics company that has had to train people who had never before done anything other than to stuff onions in a sack."

If it can continue to diversify, the Valley will become less dependent on its traditional industries. They will, however, still be keys to the area's well-being. In fact, *maquila* boom or not, the economy couldn't be doing as well as it is if



Mexico's president Carlos Salinas de Gortari last week extended wage and price controls for six months in an effort to further ease inflation.

agriculture and retailing were on the skids. Here are thumbnail sketches of what's going on:

■ Vegetable prices are good, and the Valley wasn't hurt much by this year's drought because of the extensive irrigation with Rio Grande water.

■ Orange and grapefruit orchards still aren't producing at pre-1983 peaks, but the Texas Agricultural Extension Service forecasts double-digit increases for the upcoming growing season.

Daniel Fernandez, a Pan American citrus expert, figures the industry won't return to full strength until 1992 — barring another freeze. When it does, the introduction of better trees is likely to leave growers stronger, perhaps producing as much from 50,000 acres as they did from 69,100 before the freeze.

■ Mexico has been able to hold the peso relatively stable for nearly

a year because inflation has been brought down with the wage and price controls of the Economic Solidarity Pact, which received a six-month extension by President Carlos Salinas de Gortari last week. The renewal of the pact raises the minimum wage by 8 percent.

Valley stores are also getting their annual boost from winter Texans, those who seek the warmth of the Valley as an escape from the cold and snow of the North. They spend more than \$100 million, and their number is increasing by 8 percent to 11 percent a year.

Even with a bouncier economy, the Valley is still poor by the standards of the rest of Texas and the United States. Unemployment remains high, too. "The Valley is always going to be a place that has low per-capita income and high unemployment," said Ray Perryman, director of the Baylor University Forecasting Service in Waco, Texas. "It's just the demographics."

The Valley's population is young, largely Hispanic and, compared to the rest of the country, undereducated. And it's growing — doubling between 1950 and 1980 and expected to double again by the turn of the century.

The low incomes, unemployment and population growth add up to the need to create more and better jobs. They are not likely to come from the farm, retail or public sectors, which is why Patrick and others are hoping the Valley economy can diversify with manufacturing, an industry less vulnerable to such shocks as a freeze or peso-devaluation.

"It's going to take some time," Patrick said. "Right now, we have more potential than actual activities. We've got this rapidly growing *maquila* market right next door, and we ought to see how it can benefit us."



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Border towns gain industries but still lack skilled labor

BY JOEL WILLIAMS
Associated Press

FF with Bar
Dec 25

BROWNSVILLE — For months, more than 20 jobs paying \$30,000 a year in Brownsville with the world's largest windshield-wiper maker have gone begging.

Trico Technologies Corp. has been unable to find the skilled labor needed for the positions.

The company, with twin plants in Brownsville on the Mexican border, must also go to other states to buy millions of dollars in supplies, although it would prefer to do more business in this area, which is beset by chronic poverty and unemployment.

Companies manufacturing in Mexico's maquiladora program would like to leave hundreds of millions of dollars in this and other U.S. cities along the border, if only they had some place to spend it.

According to researchers, a fortune is bypassing these communities while they struggle to catch up with and understand the industrial revolution taking place in their back yards.

Since the mid-1960s, Mexico's maquiladora program allowing foreign operation of manufacturing facilities has brought 1,200 mostly U.S.-operated plants to its northern frontier.

The companies use inexpensive Mexican la-

bor and then export the components back to the United States, paying tax only on the value added by the labor of the maquiladora workers, who numbered 330,000 in 1987.

U.S. companies, including automobile and electronics manufacturers, have moved operations to the border from the industrialized Midwest and Northeast. But most of the parts and supplies come from outside of the border area.

A study of the 104 maquiladora plants on the Mexican side of the border between Brownsville and Laredo found that they annually spend between \$1.3 billion and \$1.6 billion for parts and supplies. More than 90 percent of that is

spent outside Texas, said Dr. J. Michael Patrick, director of Pan American University's Center for Entrepreneurship and Economic Development, which conducted the survey.

The center, however, learned from companies operating on the border that those firms would like to buy 25 to 30 percent of their component parts and materials locally. That would bring hundreds of millions of dollars to the region — if only those materials were available on the border.

"The advantages of having a supplier here along the border are significant, in terms of cost
(More on PLANTS on Page 3)

Plants / From Page 1

reductions, in terms of just communicating and being able to get quick turnaround on style changes, on modifications and specifications and so forth," Patrick said. "Now it makes a lot of sense to have your supplier as nearby as possible."

But the metal and molded-plastic parts they need just are not available in most border areas, so they buy from more established locales. Most of the final product assembly also takes place away from the border.

Trico is one of the few companies operating a true "twin plant," the ideal maquiladora with a significant work force on both sides of the U.S.-Mexican border. The 450 employees in Brownsville finish the windshield wiper products begun by the 1,400 workers in its Matamoros plant.

The company, which is based in Buffalo, N.Y., produces more than 70 percent of the original automobile windshield wiper equipment worldwide, as well as a majority of wiper blades found in auto supply stores. Eighty percent of Trico's production has moved to Brownsville-Matamoros in the past two years, but it still buys most of its supplies and parts in industrialized areas up north.

"The game plan is to get those manu-

facturing operations set up down here to eliminate the need to transport parts down here," said Kenneth Wertz, manager of Trico's Brownsville operation.

But the area has no history of the type of technically complex manufacturing processes needed to produce those parts, and no work force with that type of experience.

"There are certain skills like tool makers that we can't get down here," Wertz said.

A nationwide shortage of tool-and-die workers to produce precision machine parts is even worse in an area where there has been little need for that type of skill, he said. So the company, with 22 openings for the high-paying tool-and-die positions, has started in-house training. But it takes several years to turn out an experienced tool maker.

Meanwhile, Trico contracts the work out, usually to tool-and-die operations far from the border.

"We don't have any choice," Wertz said.

"None of the locals really relate to that type of manufacturing," said Jerry Simpton, vice president of Del Rio National Bank and head of the industrial development committee for the city's Chamber of Commerce.

"The locals may think about putting up a building to lease to the industries, but not putting up a building to actually do the manufacturing," Simpton said.

Bernardo Saucedo, who has one of the few tool-and-die operations in the Lower Rio Grande Valley, said his Saucedo's Precision Grinding Inc. in San Benito constantly stays busy. On one recent afternoon, his shop was producing quality control gauges for the 1990-91 models of an automobile manufacturer he chose not to identify, with skills he brought back from his years in Chicago. They are skills he realizes his native region sadly lacks.

"This is not an industrial area," Saucedo said. "It's agricultural. The area's just starting to be industrial."

John Heath, who operates Ten-Tex Tool and Supply Co. in Laredo, said he could double his business if he had the skilled tool-and-die workers.

"There is a lot of money that could be staying down here that is going up north," Heath said.

Companies supplying the maquiladoras also are reluctant to relocate to the border without the security of having several customers in the area, Patrick said. That presents opportunities for new local companies, he said, but skilled-labor shortages and banks inex-

perienced in financing industrial plants hinder new growth.

But there are some local supply operations gradually developing. Bob DeSpain has seen the growth since three years ago, when he founded Unit Source Inc., producing molded plastic parts in the Valley city of La Feria.

"There weren't any suppliers in the area, and now there are 30," said DeSpain, who has formed a maquiladora consulting firm, Intelecsis Inc., since leaving Unit Source after a hostile takeover.

Cities, however, should not overlook the importance of warehousing and transportation jobs the maquiladoras create on the American side of the border, said Gary Jacobs, president of Laredo National Bank.

"I would personally rather have the largest maquila and manufacturing op-

erations in Mexico, using Laredo, Texas, as their warehousing and distribution centers, their packaging centers and their sales centers, than I would to have the same division give us a labor-intensive, minimum-wage kind of factory that they're better able to do somewhere else," Jacobs said. "I think that gives us more permanency."

One factor that could hinder further development along the U.S. side of the border is the companies' need to produce more Mexican-made parts if they want to satisfy Mexico's content requirements for the sale of finished products there, said Elsie Echeverri-Carroll, a research associate with the University of Texas Bureau of Business Research.

Still, she said, non-farm employment is increasing on the border at a time when it is decreasing elsewhere in the state.

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Twin Plant News

VOL. 4 NUM. 4

NOVEMBER 1988 \$5.00

Remarks of Governor Bill Clements at the Second Governor's Conference on Maquiladoras

It's a pleasure to welcome you to the University of Houston for this, our Second Governor's Conference on Maquiladoras.

I'm especially pleased to be here because it gives me the opportunity to offer a special word of greeting to my friend, Americo Villarreal, who joins us from the state of Tamaulipas.

Unlike Texas, Tamaulipas bore the full brunt of Hurricane Gilbert. And in the neighboring states of Nuevo Leon and Coahuila, Gilbert continued to ravage not only homes, but lives.

Our hearts go out to the many families who lost loved ones to this terrible storm. There's nothing we can do or say to fill that loss. But just as we assisted Mexico when Gilbert was upon us, Texas will do what we can to help now.

We share more than a boundary with Mexico. We share history, culture and a vision of hope for a better future for our children. We are linked not only by common land, but by common goals and by people whose roots in both our countries bind and strengthen us.

We are friends, in good times and in bad. Whether it's preparing together for a deadly storm or developing economic programs to benefit both sides of the border, we stand shoulder-to-shoulder to respond to the needs of our people.

Yes, the economic and social well-being of our regions are closely related. Full recovery of the Texas border economy depends, in large measure, on economic advances within Mexico. The health of our economy statewide is related to economic conditions along the Rio Grande.



Gov. Bill Clements

Clearly, our proximity to Mexico and our ties to its people are two of our greatest natural assets. This conference is about those assets and the opportunities that exist for both our regions as a result.

Twenty years ago, the word "maquiladora" was scarcely known in the United States. But today the Spanish word for a production-sharing facility is an important part of our economic vocabulary and a crucial element in our work to create new jobs.

There is, perhaps, no single program in Mexico as vital to our state's economic growth and progress.

Since the maquiladora program was established in 1965, some 400 companies have become more competitive — domestically and abroad — by expanding part of their production to the Texas-Mexico border.

Today, the Mexican states across from Texas host production plants for many Fortune 500 companies. Gen-

eral Motors, for instance, has 25 plants, Zenith Corporation has six, Ford operates seven, and General Electric has eight.

The benefit to Mexico is significant. In the past 23 years, the maquiladora industry has become Mexico's second-largest source of foreign income, behind only oil and gas.

So what does this mean for Texas?

It means new jobs and the expansion of our commercial and industrial base. It means new opportunities and another strong plank in our platform to bolster the Texas economy.

According to the U.S. International Trade Commission, maquiladora activity in Mexico is more beneficial to the U.S. economy and job retention than if the plants were located somewhere in the Far East.

The commission found that Mexican plants use more American component parts and raw material in their production than do businesses operating out of Singapore or Taiwan.

For the U.S. businesses operating across the border, the benefits include lower transportation costs between Mexico and facilities in this country. The proximity to parent plants, services and customers in the United States is another plus, as is the quality of labor in Mexico and its highly competitive cost.

It's a win-win deal. Business benefits; Mexico benefits; and, yes, Texas benefits, too.

There is a very real correlation between the growth of maquiladoras and employment and trade in Texas communities.

For every 100 maquiladora jobs in Mexico, there are an estimated 20 jobs

in Texas. Statewide today, this industry employs more than 12,000 Texans at 154 plants and businesses.

Studies also show that maquiladora employees from Mexico spend about 35 percent of their wages in Texas. That adds up to an investment estimated at \$150 million a year.

But this one sector — now underscored by our economic agreements with the Mexican border governors — holds countless more opportunities and challenges.

Let me give you an example: About 34,000 new jobs will be created in Texas if we can capture just 25 percent of the maquiladora parts and supplies market.

Texas is well-placed to dramatically increase our share of this market. Frankly, it's cheaper for a business to transport its component parts from Texas to Mexico than it is to transport from the East Coast. It's just good business.

And it makes absolute economic sense for Texas to promote our location as we work to bolster our share of this component market.

Today, maquiladoras buy supplies from or produce parts for plants in 36 Texas communities. Twenty-five of them are outside the border region in cities like Nacogdoches, Waco and Lubbock.

There are many of you here today who could be and should be in the maquiladora loop.

Why couldn't you sell your electrical components, your packing materials, your precision machines or your electric motors to one of the many companies operating a maquiladora in Mexico? There's no reason that you couldn't.

But it's up to every one of us to make it happen. And I want you to know that you have my support every step of the way.

In May, I met with the corporate leaders of Ford and General Motors to discuss the potential of the Texas component market for their businesses. And believe me, they fully realize that the cost of transportation is one of our bargaining chips.

But that's not all we have going for us in Texas. Quality products and service are part of the Texas trademark, part of our tradition. Texans

know how to get the job done and done right. We know it, and now we're making sure that the rest of the country knows it, too.

Side-by-side, we can capture our share of the component market; we can create new jobs and capitalize on those may opportunities. That's what his conference is all about — showing you where the opportunities lie and then letting loose your Texas enterprising spirit.

This is not a border issue. It's not a regional issue. It's a Texas issue. It's a jobs issue.

And now, it is my pleasure to introduce your next speaker, the Governor

of Tamaulipas.

Last year, I had the honor of joining President de la Madrid at Gov. Villarreal's inauguration. Since then, the governor and I have held a number of meetings — meetings that have resulted in a mutual agreement to work for greater economic cooperation between our states. This conference is a product of those sessions.

Gov. Villarreal is a man of action who is dedicated to his people, his state and his country. And let me say that I applaud his diligence and his commitment to economic development on both sides of the border.

Clements cites value of maquilas

JUN 2 1988

By Gary Jacobson
Staff Writer

DALLAS MORNING NEWS

The message from the Governors' Conference on Maquiladoras at the Infomart Wednesday was clear: The fundamental nature of the Mexican border industry is changing, and Texas depends greatly on that industry's success.

"Perhaps no single program in Mexico is as vital to the economic growth of Texas as the maquila program," Texas Gov. Bill Clements said during his opening comments to a group of about 400 attending the conference.

Clements estimated that for every 100

additional maquiladora jobs created in Mexico, there are an additional 20 jobs created in Texas. And during a news conference after his speech, he said he is open to suggestions for legislation to promote maquilas in the state. If Texas companies could capture 25 percent of the parts and supplies market for maquilas, they would create 34,000 new jobs, he said.

Jorge Trevino Martinez, governor of the Mexican border state of Nuevo Leon, echoed Clements' sentiments in relation to his own country.

"We also need jobs, jobs and more jobs," Trevino said, borrowing a line that has become the theme of Clements' current term as governor. By the end of this year, various estimates show the maquila industry Please see CLEMENTS on Page 5D.

Clements cites value of maquilas

Continued from Page 1D.

employing between 340,000 and 400,000 workers in 1,400 plants. After oil, it is Mexico's most important industry, accounting for \$1.5 billion annually in foreign exchange.

The maquila program began in 1965 as a way to help combat Mexico's high unemployment rate. Attracted by the lure of low Mexican wages (typically less than the equivalent of \$1 an hour), the program allows companies to ship parts duty-free into Mexico, where they are assembled into finished goods and exported.

Originally, the Mexican assembly plants depended almost exclusively on hand labor with little investment in plant and equipment.

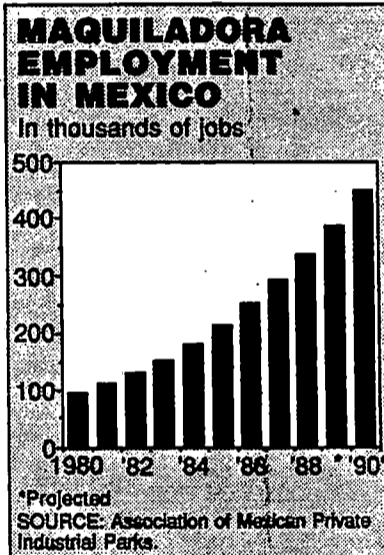
But as the program has exploded this decade, the philosophy of maquilas has changed.

Federico Barrio of Lintel Construction in Juarez outlined those changes at the conference when he cited recent trends in the industry:

- Maquilas are moving rapidly into sophisticated, automated manufacturing facilities.

- They are setting high quality standards for their finished goods.

- They are establishing capital-



The Dallas Morning News

intensive facilities.

- Mega-maquilas (approaching 1 million square feet in size) are becoming centers of industrial development by themselves.

- Some companies, like General Motors Corp. and General Electric Co., are setting up multi-maquila operations with many different plants that make different products.

- Maquilas established by smaller companies, rather than Fortune 500 companies, are beginning to proliferate.

Texas firms urged to join in industries along border

FORT WORTH STAR TELEGRAM

JUN 2 1988

BY STEVE KASKOVICH
Fort Worth Star-Telegram Dallas Bureau

DALLAS — Gov. Bill Clements calls it "the best-kept industrial secret in the United States."

But Mexico's *maquiladora* program, which has attracted some of the world's biggest manufacturers to the Texas-Mexico border, also may be one of the best-kept secrets in Texas.

"There are probably more people in Ohio who know about it than in Texas," quipped Bill Wolfe, president of Brownsville's Southlink Development, which works to attract and set up *maquiladora* operations.

Yesterday, Clements and other state officials came to Dallas to urge a gathering of Texas business executives to get into "the *maquiladora* loop" by going after parts and service contracts with *maquiladora* companies, including such giants as General Motors Corp., Ford Motor Co., DuPont Corp. and General Electric Co.

That market is huge and growing, estimated to be between \$2.5 billion and \$3 billion a year. Zenith Electronics Corp. alone spends nearly \$300 million a year on suppliers for its four Mexican plants.

"We're trying to tell them that this is a hell of a market opportunity," said Edward Vetter, chairman of the Texas Department of Commerce.

Texas companies currently snatch just a small share of the supply business. Many manufacturers who move operations to the Mexican border have retained ties with dependable suppliers in Northern states.

For example, Ed Sherwood, an executive (More on SECRET on Page 3)

Secret / From Page 1

utive with Delredo, a General Motors subsidiary that makes ceramic magnets and other engine parts in Nuevo Laredo, said that only 8 percent of his supplies come from Texas companies.

By contrast, 22 percent come from Ohio and 17 percent from New York. One of his biggest suppliers is a tool-and-die shop in Rochester, N.Y., where the GM operation was located before moving to Mexico.

"We're actively out here trying to find Texas suppliers," he said. "We're looking for tool-and-die shops and metal-stamping plants."

Maquiladoras, or foreign-owned manufacturing facilities on Mexican soil, have been around for 23 years but have become increasingly popular since 1982, when the Mexican peso was devalued.

It's estimated that about 1,200 *maquiladoras* exist, including more than 400 along the Texas border, said Don Michie, director of the Institute for Manufacturing and Materials Management at the University of Texas at El Paso.

The number of *maquiladoras* is growing at between 15 percent and 18 percent a year, he said, as U.S. manufacturers continue to look for ways to better compete with foreign competition.

In Monterrey, Mexico's second-largest industrial city outside of Mexico City, the number of *maquiladoras* has grown from four to 48 in the last two years. And Japanese manufacturers are beginning to start *maquiladora* operations as well.

Materials and finished products are allowed to cross the border duty-free. Transportation costs are less than from Asian factories.

But the main advantage is that labor rates are far cheaper than in the United States or even many Asian countries. Mexican wages have remained around \$1 an hour, including fringe benefits, said Federico Barrio, an executive with Lintel Construction S.A., which builds *maquiladora* plants.

Still, the *maquiladora* program carries some negative connotations that must be overcome on both sides of the



Bill Clements: Says program is better than losing jobs to Asia

border.

Jorge Trevino Martinez, governor of the Mexican state of Nuevo Leon, told the conference that some people in his country think the program exploits workers.

Meanwhile, some U.S. critics say it lures jobs out of the United States.

But Clements said the program presents an alternative that is preferable to losing American jobs to Asia.

"We're holding these jobs on the border between Texas and Mexico instead of exporting them to the Pacific Basin," Clements said. "If they weren't here, they'd be in Singapore, or in Taiwan, or in Indonesia, and there wouldn't be any jobs here at all."

He cited studies showing that for every 100 *maquiladora* jobs, there are 20 related jobs in Texas, and that *maquiladora* employees spend 35 percent of their earnings in Texas.

Conditions in many of the border towns, particularly in Mexico, have not been able to keep pace with the industrial growth.

Housing availability, for example, "is bad and will continue to be bad," Barrio said.

Clements said he would be open to legislative proposals to improve conditions, such as roads in border communities.

Maquiladoras create jobs, Clements says

Associated Press

DALLAS — *Maquiladora* business ventures create American jobs, not higher unemployment, Gov. Bill Clements said Wednesday.

Clements, speaking at a Governors' Conference on *Maquiladoras* that drew leaders from both sides of the U.S.-Mexico border, dismissed

as "nonsense" the notion that creating Mexican jobs takes away jobs in Texas.

According to the Texas Department of Commerce, which co-sponsored the conference with the Texas Association of Business, there are between 450 and 500 joint businesses — called *maquiladoras* — straddling the Texas-Mexico border.

JUN 2 1988

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GRANDE OPPORTUNITY

JUN 2 1988

Mexico's maquiladora movement



State urges firms to make use of Mexican plants

DALLAS TIMES HERALD

By Kimberly Blanton
OF THE TIMES HERALD STAFF

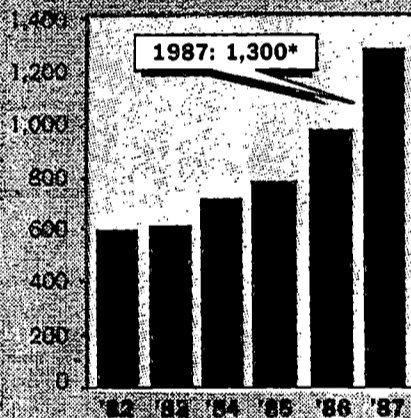
Texas businesses have failed to capitalize on the expanding manufacturing activity along the Mexican border, and some experts argue that a big opportunity will be missed if action is not taken quickly to participate in the *maquiladora* program.

In the past six year, U.S. companies have crossed the border in unprecedented numbers to set up plants that employ Mexican workers cheaply for labor-intensive assembly of finished products. These plants, or *maquiladoras*, have grown at a pace of 10 percent to 20 percent a year.

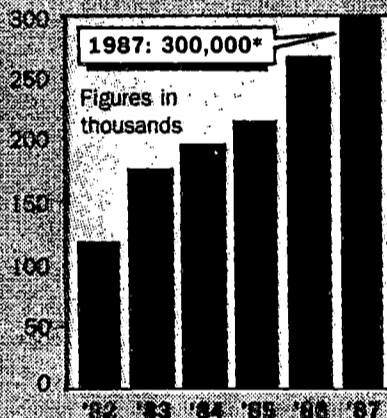
But Texans have been slow to move production to Mexico or to sell parts to companies already there, according to officials attending a day-long *maquiladora* conference at the Infomart attended by Texas and Mexican officials.

"There are many of you in this audience who could be and should be in the *maquiladora* loop," said Gov. Bill Clements, touting the potential of the pro-

Number of plants



Number of employees



SOURCE: Mexico Communications *Estimate

Chris Morris/Dallas Times Herald

Please see MEXICO, C-3

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MEXICO

From C-1

gram for perking up the sluggish Texas economy.

Clements and others at the conference said that the best opportunities for new business is in the supply of parts to the Mexican plants. Texas firms now make up only about 16 percent of the 20,600 U.S. suppliers to the Mexican plants.

"This is a marketplace that Texas suppliers should take advantage off," said William Mitchell, a vice president of Grupo Bermudez, an industrial park developer in Mexico. "To me, they've been late."

Donald Michie, director of the Institute for Manufacturing and Materials Management at the University of Texas at Austin, said Texas companies must move fast. He said that rate of growth of new assembly plants is bound to taper off.

"The strategic window (for Texas firms) is narrowing," Michie said.

Major U.S. companies such as General Motors, Zenith, and General Electric, and Japanese companies more recently, already have crossed the border to assemble products shipped back to the United States, duty free, for world distribution.

Of the 1,300 twin plants located throughout Mexico, some 470 are along Texas border with the four states of Chihuahua, Nuevo

Leon, Coahuila and Tamaulipas. Only Gov. Trevino Martinez of Nuevo Leon attended the conference.

Clements said that 12,000 Texans have jobs tied to the *maquiladora* plants, and 34,000 new jobs could be created if Texas companies or firms with operations in the state could capture 25 percent of the market for parts supplied to the south-of-the-border plants.

Mexican companies, which have an even smaller share of that market, about 1 percent, have the same idea. But the U.S. companies operating these plants in Mexico say they don't like to buy products from Mexican suppliers, which they say are poorer in quality.

Some businessmen attending the conference said that the *maquiladora* program is still mysterious and fraught with uncertainties about procedures for operating with companies in foreign countries.

Edward Vetter, chairman of the board of the Texas Department of Commerce, said the twin-plant program is new, and Texas business must be educated. Although the *maquiladora* program is a stated priority of the Clements administration and education about it a project of the new Commerce Department, Vetter said the burden is on business' shoulders.

"Texas government can't step in and take over the private sector," Vetter said.

DALLAS

Hails twin plants

JUN 7 1988

Texas Governor Bill Clements issued a strong endorsement of the *maquiladora* program, saying it has helped some 400 companies with part of their production along the Texas-Mexico border become more competitive both domestically and abroad. "Today the Mexican states across from Texas host production plants for many Fortune 500 companies," Clements told the Governors' Conference on *Maquiladoras*. He named General Motors with 25 border plants, Zenith with six, Chrysler Motors with three, Ford with seven and General Electric with eight. Mexico established the program in 1965 to let U.S. companies set up plants and production facilities at Mexican sites along the border. The program allows the companies tax advantages at the same time they provide jobs for Mexican workers and to take advantage of Mexico's inexpensive labor market.

Texas targets Northern companies for maquiladora system

MAY 26 1988

BY JOHN GONZALEZ
Fort Worth Star-Telegram Austin Bureau

AUSTIN — Texas is trying harder to attract major U.S. manufacturers that ship components from the industrialized North to labor-cheap Mexican assembly plants, Gov. Bill Clements said yesterday.

Clements views the Mexican plants, which are known as maquiladoras and are concentrated near the border, as a potential gold mine of jobs for Texas because they rely on a variety of imported materials.

To rally interest in the maquiladora system, Clements is joining the Texas Department of Commerce and the Texas Association of Business in sponsoring a daylong conference Wednesday in Dallas. Among the speakers will be a Mexican governor and industrialists from both sides of the border.

Clements said he hopes the conference will

make maquiladoras more appealing because "it's not just a border issue; it's a Texas issue. It's a job issue."

Clements admitted that Texas faces a tough challenge in trying to entice suppliers into setting up operations here, but he said it is a good time to do so because many of the companies must modernize and relocate closer to Mexico to survive fierce offshore competition.

"Some 24,000 new jobs will be created in Texas if we can capture just 25 percent of the maquiladora parts and supply market," Clements said.

Maquiladora is Spanish for assembly plant. Under 23-year-old Mexican and U.S. tax codes, tax incentives are extended to companies that manufacture goods in Mexico for export only.

About 150,000 people work at the 1,100 Mexican assembly plants that operate under the laws. The Texas Department of Commerce estimates that nearly 12,000 Texans are employed at about

150 Texas companies in maquiladora-support fields of management, supply and product inspection.

Additionally, nearly 3,500 Texas businesses supply goods to the Mexican plants.

Among the best-known U.S. companies with Mexican operations are Ford Motor Co., General Motors Corp., Chrysler Corp., General Electric and Zenith Corp. GM, for example, maintains 25 Mexican plants that produce both vehicles and parts.

Clements said he and Commerce Department Chairman Edward Vetter met Monday in Dallas with executives of GM and Ford, and Clements met last month with Chrysler officials in Detroit and Zenith executives in Chicago.

He said he emphasized Texas' lower labor and transportation costs and its lack of income taxes.

"This is pure economics," Clements said. "What we are talking about is coming into a closer

proximity to the assembly plants that are located in Mexico. Using GM as an example, they're shipping supplies and components into those plants from as far away as the East Coast, Pennsylvania, Michigan and Ohio."

Some of the plants supplying components have equipment that "is basically obsolete, so we have an opportunity to step into this breach and build a modern, state-of-the-art plant that will have the highest possible efficiency and productivity in it, with our Texas skilled labor, and save on transportation, too," Clements said.

He said the new jobs are needed despite apparent improvement in the Texas economy.

"We're on the right track," Clements said, referring to Texas Employment Commission data released earlier this week showing declines in the April jobless rates in all major cities.

Statewide, the jobless rate fell to 7.5 percent, the lowest in 26 months, Clements said.



Bill Clements: "It's not just a border issue; it's a Texas issue"

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 6, 1989

NEWS CONFERENCE OF THE PRESIDENT

Room 450
Old Executive Office Building

4:10 P.M. EST

THE PRESIDENT: Well, for the more than half a century, the U.S. has operated a deposit insurance program that provides direct government protection to the savings of our citizens. This program has enabled tens of millions of Americans to save with confidence. In all the time since creation of the deposit insurance, savers have not lost one dollar of insured deposits. And I am determined that they never will.

Deposit insurance has always been intended to be self-funded. And this means that the banks, the savings and loans and credit unions that are insured pay a small amount of their assets each year into a fund that's used to protect depositors. In every case these funds are spent to protect the depositors, not the institutions that fail.

For the last twenty years, conditions in our financial markets have grown steadily more complex, and a portion of the savings and loan industry has encountered steadily growing problems. These financial difficulties have led to a continuous erosion of the strength of the Federal Savings and Loan Insurance Corporation -- FSLIC. Economic conditions have played a major role in this situation. However, unconscionable risk-taking, fraud, and outright criminality have also been factors.

Because of the accumulation of losses at hundreds of these thrift institutions, additional resources must be devoted to cleaning up this problem. We intend to restore our entire deposit insurance system to complete health.

While the issues are complex, and the difficulties manifold, we will make the hard choices, not run from them. We will see that the guarantee to depositors is forever honored, and we will see to it that the system is reformed comprehensively so that the situation is not repeated again.

To do this, I am today announcing a comprehensive and wide-ranging set of proposals. The Secretary of the Treasury, Nicholas Brady, will describe these proposals to you in detail in a few minutes. However, I think it's important to summarize some of the major points.

The proposals include four major elements. First, currently insolvent savings institutions will be placed under the joint management of the FDIC and FSLIC pursuant to existing law. This will enable us to control future risk-taking and to begin reducing ongoing losses.

Second, the regulatory mechanism will be substantially overhauled to enable it to more effectively limit risk-taking. The FDIC would become the insurance agency for both banks and thrifts under this system, although there's no commingling of funds. The insurer will have the authority to set minimum standards for capital and accounting. Uniform disclosure standards will also be implemented. The chartering agency for thrifts would come under the general oversight of the Secretary of the Treasury.

MORE

Third, we will create a financing corporation to issue \$50 billion in bonds to finance the cost of resolving failed institutions, which will supplement approximately \$40 billion that has already been spent.

All of the principal of these bonds, and a portion of the interest on them, will be paid from industry sources. However, the balance would be paid from on-budget outlays of general revenues. Hopefully, some of these revenues will be recovered in the future through sale of assets and recovery of funds from the wrongdoers.

Fourth, we plan to increase the budget of the Justice Department by approximately \$50 million to enable it to create a nationwide program to seek out and punish those that have committed wrongdoing in the management of these failed institutions. These funds will result in almost doubling the personnel devoted to the apprehension and prosecution of individuals committing fraud in our financial markets.

As you can see, these proposals are based upon several overriding principles.

First, I will not support any new fee on depositors.

Second, we should preserve the overall federal budget structure, and not allow the misdeeds and the wrongdoings of savings and loan executives and the inadequacy of their regulation to significantly alter our overall budget priorities.

And third, I have concluded that this proposal, if promptly enacted, will enable our system to prevent any repetition of this situation.

And fourth, I have decided to attack this problem head-on, with every available resource of our government because it is a national problem. I have directed that the combined resources of our federal agencies be brought together in a team effort to resolve the problem.

And fifth, I believe that banks and thrifts should pay the real cost of providing the deposit insurance protection. The price the FDIC charges banks for their insurance has not been increased since 1935. We propose to increase the bank insurance premium by less than seven cents per \$100 of insurance protection that they receive. Every penny collected would be used to strengthen the FDIC so that the taxpayers will not be called on to rescue it a few years from now.

And I make you a solemn pledge that we will make every effort to recover assets diverted from these institutions, and to place behind bars those who have caused losses through criminal behavior. Let those who would take advantage of the public trust and put at risk the savings of American families anticipate that we will seek them out, pursue them and demand the most severe penalties.

In closing, I want to just say a word to the small savers of America. Across this great land families and individuals work and save, and we hope to encourage even greater rates of savings to promote a brighter future for our children. Your government has stood behind the safety of insured deposits before, it does today, and it will do so at all times in the future. Every insured deposit will be backed by the full faith and credit of the United States of America, which means that it will be absolutely protected.

For the future, we will seek to achieve a safe, sound and profitable banking system. However, integrity and prudence must share an equal position with competition in our financial markets. Clean markets are an absolute prerequisite to a free economy, and to the public confidence that is the most -- that is its most important ingredient.

MORE

I've determined to face this problem squarely, and to ask for your support in putting it behind us. I have ordered that the resources of the Executive Branch be brought to bear on cleaning up this problem. I have personally met with the leadership of Congress on this issue. My administration will work cooperatively with Congress as the legislation that we will submit in a few days' time is considered. I call on the Congress to join me in a determined effort to resolve this threat to the American financial system permanently, and to do so without the delay.

I welcome the leaders that are with me here on this platform. I think their support says a lot about the efficacy of our proposal. And now I propose to take just a few questions. On the technical aspects, I will defer to these people, and then I'll be glad to turn this over to Secretary Brady. I believe we start with Helen and then Terry and then get going --

Q Mr. President, are you guaranteeing that the extra costs -- premiums, increases and so forth -- will not be past on to the depositors and taxpayers? And also, what is your responsibility in this debacle -- I mean, the Reagan-Bush zeal for deregulation of business and banking?

THE PRESIDENT: On the first place, we're not guaranteeing that. I would hope that wouldn't happen, but there is no guarantee what the institutions will do. Secondly, there is enough to be said for everybody in this together trying to solve this problem, so I can't equate any personal -- not inclined to go into any personal blame, simply to say that we've got to solve this problem and we're on the path to doing that.

Q Mr. President, the House votes tomorrow on that controversial pay raise plan, and the Senate has already voted against it. Would you sign a bill that vetoes the pay raise, not only for the members of Congress, but also for federal judges and other high officials in the government?

THE PRESIDENT: I've said I support it.

Q Mr. President, there is a feeling that part of this problem is attributable to deregulation of the financial industry. In retrospect, do you think that deregulation might have gone too far in the last ten years or so? And in the future, is your marching order to your administration to be a little more careful in regulating this particular industry?

THE PRESIDENT: Jerry, I don't know the answer. I'd be most interested to know what our experts here feel about whether -- how much of the problem could be attributed to deregulation. I just don't know the answer to your question, so I can't reply.

Q Mr. President, you have placed considerable stress in these early days of your presidency on ethics and propriety, yet in recent days there has been controversy on Capitol Hill concerning the propriety of some of Tower's alleged behavior, questions raised over the weekend about the financial investments on the private funds of the man in charge of ethics, your counsel, Boyden Gray, and other questions involving members of the administration -- or members-to-be of the administration. And I wonder, sir, what has happened here? Is it too harsh behavior on our part, too lax behavior on your part? What?

THE PRESIDENT: I don't think anything has happened. I learned long ago in public life not to make judgments based on allegations. But having said that, I want to have my administration aspire to the highest possible ethical standards. And we have appointed a commission to go out there now and try to detail what these standards should be. And we are in a new era on these matters. Matters that might have been approved and looked at one way, may have

MORE

a different perception today. And so what I want to do is finalize our standards and then urge everybody in all branches of government to aspire to those standards. But I do think, Brit, that it's fair that we not reach judgment on Senate hearings before the Senate hearings are concluded because it's very hard to filter out fact from fiction, spurious allegations from fact. And I am not about to make a judgment based on a sensationalized newspaper story. I'm simply not going to do that. That wouldn't be fair and I'm not sure how ethical it would be. So let's wait and see this -- you're referring to the Tower matter up there -- that matter has been looked at by the FBI, the committee now has that, they have the responsibility to make determinations, and I'll be very interested to see what they say. But I am not going to make -- jump to conclusions based on stories that may or may not have any validity at all.

Q Mr. President, even if, as your spokesman says you do, you continue to back Senator Tower for the position, there are those you've heard who say that the best thing he could do for you is to step aside because even if confirmed he then would become damaged goods, weaker in administering a very, very tough job on your behalf. How do you respond to that suggestion?

THE PRESIDENT: Well, I think people would not want a person to step aside in a rumor, particularly if the rumor is baseless. And the process -- what the problem is -- the process is taking a little longer than I would like, and yet I think the Senate has got to do what they're doing -- looking at these allegations very carefully. But you know, as I said here at this same podium a while back, the American people are basically fair. And if these allegations prove to be allegations, without fact behind them, I think the people are going to say wait a minute, what went on here, how come it was all this -- we read this one day and then kind of a puff of smoke the next. And so, I don't think in your substantive question though, that if it proves -- if the Senate committee gives its endorsement to the Senator, particularly after all of these allegations, that there is any danger at all of damage to his credibility or his ability to do the job.

Q Mr. President, there are new and substantive allegations that Senator Tower lost control over the highly classified security documents and computer disks that were used in Geneva under his watch. If those allegations prove to be founded, would you then withdraw his nomination?

THE PRESIDENT: I would not answer hypothetical questions of that nature. You're telling me something that I haven't heard before. And we did have access to FBI reports. So if this matter is now before the Congress, let them investigate it. But I can't go into a hypothesis. All I would be doing would be adding to I think speculation that is not helpful at this juncture.

Q But, sir, will you pursue these allegations in the Executive Branch? Are you going to track what the FBI is looking into? Are you going to personally surveil these kinds of allegations yourself?

THE PRESIDENT: Every rumor and every innuendo, no. But if you're making -- if there's some substantive allegation of this nature, of course it would concern me.

Q Mr. President, back to S&Ls if we might, millions of -- (laughter) -- millions of Americans save alternatively. That is they save in mutual funds, stocks, and that kind of thing. As I read it, you've now outlined a plan that places a lot of the S&L bailout on the backs of the general treasury. How fair is that?

THE PRESIDENT: We've got a major problem and something has to be done. And this is the fairest system that the best minds in this administration can come up with. And so I again would ask you to ask the specifics of the treasury burden, to the Chairman of

the Federal Reserve, or the Secretary of the Treasury, ask how they see that. But look, as I've said, there is no easy answer to this. All I want to do is make a sound proposal, work to put it into effect, and have that proposal such that the country won't have to face this problem again.

Q Mr. President, you said you dropped the deposit fee idea, but this plan you've given us has an increase in premiums that may be paid by consumers, as well as a large amount of taxpayers funds. Isn't that the same thing -- consumers and taxpayers are still going to have to pay the price for this?

THE PRESIDENT: Well, as I indicated earlier on, there is no guarantee of passing this on to the consumer, nor is there a guarantee it won't be passed on. But this arrangement has been there since -- for 50 years, and you might argue whether it's been passed on or not. I just don't know, I haven't seen the flow through in the industry. But nothing is without pain when you come to solve a problem of this magnitude.

Q Mr. President, you've talked to several members of Congress in various receptions and dinners and personal conversations over the past couple of weeks, and in many of them you have discussed this -- your plan for this problem. What is your feeling of the reception that it's going to get on Capitol Hill and of the selling job that awaits you now to get it passed?

THE PRESIDENT: We may have a big selling job, but I've been encouraged so far with the spirit epitomized by the members of Congress, particularly at the joint leadership meeting the other day. We didn't go into every detail of this. These plans were still being formulated and I wanted to get their views. I was encouraged by what Bill Seidman told me earlier on about how he -- what he felt the receptivity of the plan will be. But I don't think it's fair to the Congress to say that they have signaled to me that they are going to be enthusiastic on this plan, although I hope they are.

Q Mr. President --

THE PRESIDENT: I'm going to take about three more and then turn this over to these gentlemen here who are prepared to go into as much detail as you want.

Q Mr. President, these allegations that surround Tower now, at least variations on the theme, surfaced early in the transition -- allegations of womanizing and taking money from defense contractors -- that sort of thing. Have you satisfied yourself that he is still the nominee you want? Can you give us at this time a full-hearted endorsement of Tower?

THE PRESIDENT: Yes, I can and I will right now because some of the very same allegations that were floated that long ago apparently have been looked at and examined by the best possible examiners -- and I'm talking about the FBI -- and found to be groundless. So therefore I'm not about to change my view. If somebody comes up with facts, I hope I'm not narrow-minded enough that I wouldn't take a look. But I am not going to deal in the kinds of rumors that I've seen reported and then knocked down and then reported and then knocked down.

Q Mr. President --

THE PRESIDENT: One -- two to go.

Q There have been hints that Gorbachev may propose steps to diffuse the situation in Central America. I wonder if you see the possibility of superpower deals in Central America, and if so, what -- if you could suggest what would be acceptable for you?

THE PRESIDENT: I don't know about a deal, but I can see

a possibility of cooperation in Central America because I would like the Soviets to understand that we have very special interests in this hemisphere, particularly in Central America, and that our commitment to democracy and to freedom and free elections and these principles is unshakeable, and I don't think they really have substantive interests in this part of the world -- certainly none that rival ours. So I would like to think they would understand that and there are so many areas where we could demonstrate a new spirit of cooperation, and this would clearly be one of them. So I'd like to think that is the way that the matter would be approached by the Soviets.

Yes, follow-up.

Q If I could follow up and ask you whether an understanding on Central America -- whether you'd be willing to include abandonment of aid to the Contras as part of such an understanding?

THE PRESIDENT: I wouldn't make a deal on that with the Soviets, nor would that come up. I don't believe we'd ever have a -- I can't see a situation of that nature arising, knowing as I do what will be negotiated and discussed with the -- so I think that's so hypothetical as to not even be a possibility of any kind.

Yes, Charles. And then I do have to run.

Q Mr. President, we still don't know what the taxpayers' burden is in here. Out of this \$40 billion, it says first from S&L funds and the shortfall from Treasury funds. How big is it, and have you, in going through your budget had to knock out some things to pay for this?

THE PRESIDENT: We've had to knock out a lot of things on the overall budget for a lot of different reasons. But I'd like to leave this for Dick, for the questioning, to give the specific amounts. It is shared, as I've indicated, and he can give you the amounts that are involved.

Listen, thank you all very much, and now I'm going to turn this over to Secretary Brady. And then in order I guess they'll refer to each of these others.

Q Mr. President, one more word for the small --

Q -- seats back here, Mr. President?

THE PRESIDENT: What was that substantive question?

(Laughter.)

Q In the back -- we didn't see you get back in this area.

THE PRESIDENT: We didn't get that far back, no, but if there's been an egregious offense to those in the back benches, I will take one parting question. And inasmuch as you raised it, fire away.

Q Thank you very much, sir. Back on the ethics issue, a couple of --

THE PRESIDENT: Mindful that the last questions always does get you in great trouble -- (laughter) -- go ahead.

Q Your perspective nominees -- one of your perspective nominees and your counsel have just recently changed their minds on matters that would have violated the ethics rules under the Reagan administration. Did you have difficulty in getting the word out that times would be tougher under your administration?

THE PRESIDENT: No, I don't think so. For example, if you're referring to the Boyden Gray matter, which I think you are, that matter was reviewed every single year by the Office of Government Ethics, and he was deemed in compliance every single year. But now we've got a new ballgame here. He's the General Counsel here in the White House and I'm the President, and I've set out rhetorically the highest possible standards and we're trying to back that up by findings from this commission. And so I do think that we've got to be very careful about perceptions of impropriety when it comes to conflict of interest. Not rumors or innuendos of one sort or another. I don't think you can -- I should deal in those things. But when it comes to perceived conflicts of interest, I'd like our people to bend over backwards.

And I think that's what has happened in both the question of Lou Sullivan, whether he's entitled to -- all he did was ask, am I entitled to continue these arrangements with this small university. And all Boyden did, in my view now, is to try to go a step beyond what the government ethics office has said to avoid the perception of impropriety. But -- so I think it might be different now. I have to approach it differently as President. Not that you have lower standards, but I just think that again this whole question of perception we've got to look at it very, very carefully. But I want to be fair. I do not want to have the loudest charge, no matter how irresponsible, be that that sets the standards. We've got to achieve more objective standards. And that's why I'm putting a lot of faith in the -- hope to put a lot of faith in the findings of Judge Wilkey and former Attorney General Griffin Bell. And they will be looking at all these matters in terms of reality, and then, to some degree I'm sure, in terms of perception. So what might be legal and might be perfectly sound ethically might have to be altered given this new approach because of perception. It's a delicate one. I don't want to have the standards set in such an irresponsible way that good people just throw up their hands and say, look, who needs that kind of grief, who needs it, why should I have to give up all my whatever it is -- a health plan from the XYZ company. And yet, on the other hand, we're in a different time now. We're in a time when we've got to try to set these standards as high as possible. So I think Dr. Sullivan did the right thing in asking what was proper. I think Boyden Gray did the correct thing every year in asking what was proper and reviewing his own personal holdings in a family company with the Ethics Office, but now taking another step because of perception in this case.

So we've got to reach -- we've got to work with these individuals to find the proper answer and we've got to work with the commission to try to codify these standards.

Q Sir, by following, you said during the campaign very clearly that your staffers would not take outside income. I wonder why they need a legal opinion to understand that?

THE PRESIDENT: They had a legal opinion saying it was perfectly proper from this family company, and so now we're changing that and saying, look, there is this different perception problem here in this new era, so let's bend over as far backwards as we possibly can to -- you know, to recognize that.

Thank you all very much.

Q What about leveraged buy-outs, Mr. President?

THE PRESIDENT: There's your LBO man right there.

THE PRESS: Thank you.

END

4:35 P.M. EST

Valley needs federal help, congressional leaders told

By Guillermo X. Garcia
Box News Service

BROWNSVILLE — The federal government must address problems facing Rio Grande Valley communities following a change in immigration policy that has strained local governments, a congressional fact-finding mission was told Monday night.

The three city mayors and Cameron County Judge Tony Garza, old members of the House Judiciary Subcommittee on Immigration that they approve of the change, which calls for the detention of a flood of Central American asylum seekers.

"But whether the problem has been solved, or whether it will shift to somewhere else, remains to be seen," Brownsville Mayor Ygnacio Garza said.

Garza, along with the mayors of nearby San Benito and Harlingen, told the visiting congressmen that the federal government acted too late in dealing with the fallout from the change in the Immigration and Naturalization Service's policy.

But the local officials praised the INS and said the policy change the agency instituted last month cleared their cities' streets, orange orchards and vacant buildings of Central Americans seeking political asylum.

Garza said that the "root cause" of why Central Americans flee their countries has not been addressed and suggested that Congress better define what it considers a political refugee.

"Like most people, I always considered a political asylum applicant a sailor who jumped ship or a ballerina, not hundreds of thousands of people who could walk up to the border," Garza said.

Subcommittee Chairman Bruce Morrison of Connecticut said that a hearing will be held in Washington on Thursday to discuss problems raised on the tour.

Morrison and U.S. Rep. John Bryant, D-Dallas, agreed with local officials that the Valley cities have taken the brunt, economically and otherwise, of the influx of asylum seekers.

"There has been an enormous impact on the local communities. But this is a national problem and the lack of a strong national policy (about refugees) has been paid for by the local and the Texas taxpayers," Bryant said.

But as federal officials struggle with the problem of processing refugees already in custody, the Border Patrol reported more and more people are being detained daily. Already, the rate of apprehensions along the lower Rio Grande River has doubled in three weeks, according to INS figures.

About 66 more Border Patrol agents are due here this week to supplement the 192 sent here since the INS changed its policy on Feb. 21.

The INS does not have figures

on how much the increased enforcement effort here will cost, but INS spokesman Vern Jervis said the operation's start-up costs are estimated at \$5 million.

Where the beefed-up patrols reported capturing about 200 undocumented people daily in late February, "now they are detaining more than 400 people a day," said Jervis.

Under the Feb. 21 policy change, the INS can deny asylum seekers their application in a one-day proc-

ess, and jail them pending deportation.

Previously the process could take up to one year, and the asylum seekers were permitted to travel to the U.S. interior and work while their applications were being processed.

Today, the congressmen will visit the Red Cross shelter here, as well as the Bayview adult detention facility and the facility housing minors located in Los Fresnos, before they return to Washington.

Mexico hikes help to U.S. on alien issue

P. 1A

MAR 17 1989

By LARRY ROHTER
New York Times

HOLDTON CHRONICLE

MEXICO CITY — In a major but unacknowledged policy shift, Mexico is expanding its cooperation with U.S. efforts to deter the flow of illegal immigrants into the United States, officials here and along the border say.

As a main element of that strategy, Mexico has permitted agents of the U.S. Immigration and Naturalization Service to step up their investigative activities in Mexican territory, the officials said.

The Mexican police have also joined recently with the U.S. Border Patrol to apprehend Mexicans and Central Americans along the U.S. border.

Operating from the U.S. Embassy here and from consulates in Monterrey, Guadalajara, Tijuana and Ciudad Juarez, the agents, many of whom are Mexican-Americans, travel frequently around Mexico to

■ About 200 refugees joined a disturbance at INS detention center in Valley Thursday: Page 29A.

monitor international smuggling rings and the traffic along routes they use.

Their presence is not new, but their activities have intensified in recent months as the flow of Nicaraguans, Salvadorans and other Central Americans through Mexico has increased dramatically.

"Anything we do is being done openly and with the knowledge and consent of the Mexican government," said Verne Jervis, an immigration agency spokesman in Washington.

"We are getting good cooperation from Mexico, and I can state there are no covert operations on the part of the INS in Mexico."

Mexico's apparent willingness to work more closely with the immi-

See BORDER on Page 20A.

Border

Continued from Page 1A.

gration service and permit it to operate more actively on Mexican soil carries a high degree of political risk for President Carlos Salinas de Gortari.

La migra, as the service is known here, is despised by millions of Mexicans who have gone to the United States in search of jobs or to join other family members already living there, and any Mexican assistance given the agency is likely to be widely resented here.

But at the same time, the Mexican government is increasingly concerned about its inability to prevent illegal Central American immigrants from using Mexico as a "trampoline" to the United States.

While acknowledging that the information they are obtaining may also be useful in stopping the entry of undocumented Mexican workers into the United States, U.S. officials have sought to make it clear that their primary objective at the moment is to cooperate with Mexico in controlling Central American immigration.

In a formal statement of policy

Thursday, the Mexican government noted that "it does not constitute a crime of any sort" for Mexican citizens "to try to enter another country without immigration documents or to leave national territory without going through inspection and other established formalities."

Recent joint activities by Mexican and U.S. authorities, the statement also said, "do not seek to contravene the foreign policy of Mexico, nor much less violate the individual guarantees of those who find themselves in our national territory."

The number of U.S. immigration agents active in Mexico is still small — about a dozen — and neither U.S. nor Mexican officials were willing to discuss the possibility of an increase in that figure.

But it is clear their role has broadened beyond such routine bureaucratic tasks as the processing of Cuban refugee requests and the verification of assertions to U.S. citizenship or resident-alien status.

The activities of U.S. agents focus on "information gathering and intelligence sharing," Jervis said. "A lot of our information comes from Mexican officials, from talks with immigration and law enforcement people there."

The effort is an "ongoing program," Jervis said, but activities

have been "enhanced" in recent months because of the increase in the number of Central Americans fleeing civil war, political repression and poverty.

Officials here and along the border said that to obtain intelligence on people smuggling Central Americans and Mexicans across the border, the immigration service has tried to infiltrate such smuggling rings with informers.

According to internal memos published this week by The Brownsville Herald, the authenticity of which was confirmed by officials, immigration agents have been working with their Mexican counterparts in the Mexican capital and at least nine other cities, most of them on the main underground route from Central America to Texas.

Agents now are also involved in similar efforts in Guatemala, El Salvador and Panama, U.S. officials said.

Officials here said the teams have also been collecting information on corrupt Mexican police and customs officials involved in the traffic, either by accepting bribes from smugglers or the outright robbery of Mexican and Central American migrants.

Some of the information has been passed on to Mexican federal author-

ities, they added.

In another indication of tacit cooperation between the two governments, a reporter who visited the Matamoros-Brownsville sector of the border this month observed helicopters operated by the U.S. immigration service repeatedly flying across the Rio Grande into Mexican territory on three consecutive nights.

Jervis said, "There are an awful lot of helicopters in the air up there not just ours," but added, "I assume that if the Mexican authorities had a problem with that, they would not hesitate to let us know."

The regional director for the U.S. immigration service here, E. Michael Trominski, said: "At no point in time will the INS in Mexico City try to enforce United States immigration laws. The fact we have a mutual illegal alien and criminality problem does not indicate that we will ever expect Mexico to enforce our laws."

In 1988, the service recorded 940,601 apprehensions of people trying to enter the United States illegally. More than 90 percent of those detained were Mexican citizens, a percentage that continues to hold true despite the recent rise in the flow of Central Americans, officials said.

INS chief moves to save his job

AMERICAN STATESMAN
Nelson denounces critical audit as 'outrageous misrepresentation'

By Lee May
and Ronald J. Ostrow
Los Angeles Times Service

WASHINGTON — In an extraordinary effort to hold on to his job, Immigration and Naturalization Commissioner Alan Nelson has denounced a scathing Department of Justice audit of his agency as "totally incorrect and an outrageous misrepresentation of facts."

Nelson's 61-page response to the recent audit contains language that is unusually blunt for a bureaucrat responding to criticism from his parent agency, even asserting that Department of Justice auditors "plagiarized" criticisms from the INS' own evaluations.

The reply is part of a full-court press by Nelson and his supporters to retain his job, an effort that includes heavy lobbying of Congress and the White House, distribution of a quarter-inch-thick list of INS' accomplishments and a \$10,000 film heralding the agency and Nelson.

The audit, which portrayed the service as riddled with inefficiency, surfaced two weeks ago. A few days later, administration officials disclosed that Nelson would not be reappointed to the job he has held since 1982.

Nelson has also come under fire for his plan to construct a 4-mile

'We fully concur with only five of the report's findings, while strongly disagreeing with 25.'

—INS Commissioner Alan Nelson

ditch along the U.S.-Mexican border at San Diego and for his handling of the influx of Central Americans into South Texas.

Asserting that he has not been told to leave, Nelson has branded reports of his impending departure as "rumor" and, with renewed zeal, is trying to counter the negative publicity that plagues him. Nevertheless, administration officials reiterated Wednesday that they are seeking a replacement for Nelson.

Nelson's effort to stay has turned into a public battle of wills between his supporters and administration officials who want him to leave quietly. Rumors abound, including one saying that Nelson will be asked to stay for awhile.

Asked whether an agreement had been struck providing for Nelson to remain at the service's helm for a year, David Runkel, special assistant to Attorney General Dick Thornburgh, said: "There is no such deal." He added that there

have been no discussions on Nelson's future between Thornburgh or any Department of Justice official and Sen. Alan Simpson, R-Wyo., regarded as Nelson's strongest ally on Capitol Hill.

Simpson, GOP assistant minority leader in the Senate, worked closely with Nelson during the passage of the 1986 immigration reform legislation.

Runkel said, "I can't say we have somebody ready to jump into that spot (INS commissioner) tomorrow, but there are discussions (going on) with people for that position."

He would not disclose who was under consideration.

In his response to the audit, Nelson said, "We fully concur with only five of the report's findings, while strongly disagreeing with 25, or one-half."

A finding that INS lacks a program to educate its employees in security matters "is simply not true," Nelson said. And he called "inaccurate" the finding that INS fails to properly allocate its investigative resources.

Responding to the assertion that INS fails to account for thousands of citizenship certificates, Nelson said the audit team was "careless," adding that 95 percent of the allegedly missing documents have since been found.

INS center quickly halts non-violent disturbance

MAR 17 1989

P. A-1

By Pamela Ward
and Berta Delgado

American-Statesman Staff

BAYVIEW — A disturbance among Central American refugees confined at a government detention center was quickly put down Thursday. It happened after 200 refugees lifted an inner chain-link fence surrounding the compound.

No one was injured and no one escaped, Immigration and Naturalization Service officials said.

Immigration attorneys who witnessed the disturbance said tensions at the Port Isabel Service Processing Center near Bayview have been increasing in recent days. About 2,250 refugees are jailed at the center, most of them

BORDER CRISIS

- INS Commissioner Alan Nelson denounces a scathing federal audit of his agency.
- Mexico expands its cooperation with U.S. border control efforts.

Page A14

men and many of them living in large tents erected several weeks ago.

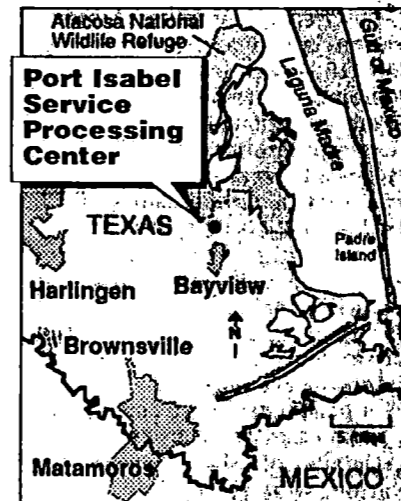
Officials and witnesses said that at 2:45 p.m. Thursday about 1,600 refugees were in the exercise yard when 200 of them charged the fence and lifted it above their heads. They said the fence was dropped before anyone moved under it.

The demonstration lasted for only about two minutes, and produced no violence — only a lot of shouting, said refugee rights attorney Linda Yanez, who was in a building next to the uprising.

The detainees immediately were surrounded by a large contingent of uniformed border patrolmen, said Silvestre Reyes, sector chief of the Border Patrol. Reyes said no force was used to control the refugees.

"They could have easily walked out, but they didn't," said Yanez who was ushered outside the center grounds after the disturbance. "They just made noise and put the fence back down. There was no violence, but in an instant, they were surrounded by law enforcement of-

See Refugees, A14



Staff map by Sharon Kidday

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Refugees

From A1

ficers in riot gear."

Yanez said what happened was "inevitable." The detainees are frustrated at delays in processing and "are just confused," she said.

She said attorneys are being denied free access to the refugees to advise them of their legal rights and that may have contributed to the level of frustration that prompted the demonstration.

The INS in December began jailing all Central American refugees illegally entering the United States by crossing the Rio Grande near Brownsville. After a brief court-ordered hiatus in the new policy, the agency resumed one-day processing of political asylum applications and detention pending deportation.

As many as 2,000 refugees a week had been entering South Texas fleeing economic conditions and political strife in Nicaragua, El Salvador, Honduras and Guatemala.

Reyes said officials have no idea what prompted the uprising at the 250-acre Bayview detention center where most of the adult refugees are jailed. "We obviously are concerned. It could have been just a spontaneous reaction to something. But we don't know what," he said.

"We don't know what triggered it. We don't know what, if anything, they were trying to accomplish."

Speaking with reporters late Thursday afternoon outside the main entrance to the center, Reyes said the situation inside was "calm. They are sitting down inside the exercise yard and we're explaining to them what's going on."

Attorneys for the refugees and reporters were being denied access to the detention center Thursday night.

E.J. Flynn, an immigration attorney with the Harlingen-based Proyecto Libertad, said he and others were told to leave the facility before the disturbance ended. Civilian employees also were evacuated, Flynn said.

At about 2:15 p.m., the Central Americans began chants in Spanish such as "We want freedom," and "The people united will never be defeated," he said.

The detainees began shaking the first of two chain-link fences surrounding an open yard, Flynn said. "They realized they could grab it from the bottom and peel it up," Flynn said.

Riot police formed a line 20 feet



Staff photo by Lynne Dobson

An officer in riot gear passes a guard at the INS detention center near Bayview after a short uprising involving 200 detainees.

outside the row of double fencing. Officers from the Cameron County sheriff's department raced to the detention center to assist Border Patrol, INS and private security guards.

Reyes said 130 uniformed border patrolmen and 40 uniformed immigration officers, as well as a contingent of area law enforcement personnel were at the center. He said the facility has a normal contingent of 66 officers.

He said INS officials were searching the refugees for weapons. "We did observe some with what appeared to be weapons in their hands. We will be isolating them and processing them as well as feeding them and putting them in their dormitories for the night," Reyes said.

"We are in a position to respond to whatever happens. Extra personnel will be staying here until we are comfortable with the situation."

Asked if the detainees will face any punishment, Reyes said, "At this point we're just trying to get everything back in order." He said officers were questioning nine "potential ringleaders."

"The potential (for an uprising) is here, obviously," the border chief said. "We have been aware of the potential. Our role is simply to reestablish order."

Attorneys who have been helping the refugees in their application process said they were not surprised at the disturbance.

"Basically, it's just a protest about the inhumane conditions they've been putting up with," said Robert Koulish of Proyecto Libertad.

"They (center) are now at capacity at 2,200, and they just can't take care of all these people," he said. "They just can't."

"We saw this coming. They're forcing the people to the breaking point where they can say, 'Ah, see, they are violent people.' But that's just not true. Any person could conceivably be driven to that under these conditions."

Duke Austin, spokesman for the INS in Washington who was visiting the center Thursday, said INS officials did not believe the disturbance was premeditated.

Austin said it was not surprising to find tension among the detainees.

"We recognize that when you have a large number of detainees, you have to be prepared for something like this. We just have to make sure it doesn't expand and develop into more," he said.

U.S. Rep. Solomon Ortiz, D-Corpus Christi, said the growing number of detainees will add to the intensity of the problem.

"As they increase and the more that they stay in detention, the more problems they will have," Ortiz said. "There's no question that this will continue."

The congressman, whose district includes the detention center, said he believed there could be some frustration over reports that none of the Nicaraguan nationals who are at the camp have been among those deported.

"We don't know who were the participants yet, but I understand that some people have been upset because the Nicaraguan detainees are the only ones who have not been deported," Ortiz said. "But there's not much we can do about that because we do not have a normal relationship with Nicaragua. So right now, it takes a little longer to process them."

Ortiz said he will travel to the area today.

Refugees protest ^{p.B-1} detention

MAR 17 1989

Incarceration sparks standoff at Bayview

By Richard R. Aguirre

OF THE TIMES HERALD STAFF

Hundreds of Central American refugees, in the first open protest of their continued incarceration in South Texas, engaged in a tense standoff with armed law enforcement officers Thursday after nearly storming a fence at a teeming immigration detention center in Bayview.

Duke Austin of the U.S. Immigration and Naturalization Service characterized the protest at the Bayview Detention Center as a "mild disturbance." He said that by evening, calm had returned to the facility where about 2,200 Central Americans denied political asylum are being held.

"Any time you have a large number of people detained, there is the potential for this kind of thing," Austin said. "It did appear to be some kind of a spontaneous thing. There have been no leaders come forward and no demands presented."

No injuries were reported, and the fence was the only federal property damaged, Austin said.

Cameron County Sheriff Alex Perez, who sent seven deputies to help quell the disturbance, said Mark Schneider, 36, an immigration lawyer from Harlingen, was arrested on suspicion of trespassing for refusing to leave the scene.

But Schneider, later released on his own recognizance, denied he was trespassing. He said he was observing the standoff, along with about 50 others on county property, when he was singled out by deputies and arrested after refusing to leave.

"I was ordered to leave for my own safety but I felt my job as an advocate was to watch what was going on," Schneider said.

E.J. Flynn, an lawyer with Proyecto Libertad in Harlingen, said that about 2:30 p.m., some 1,400 Central Americans in a recreation yard heard speeches and began chants in Spanish, such as "Freedom," and "The people united will never be defeated." About 200 then rushed a chain-link fence, but were dissuaded from trying to escape because of a second fence and the presence of armed U.S. Border Patrol and INS agents, and private security officers.

"People were extremely agitat-

Please see **REFUGEES, B-2**

REFUGEES

From B-1

ed and frustrated, but escape wasn't a very realistic possibility because it's 25 miles from any sizable town," Flynn said. "When I left there was still a real tense standoff."

Flynn, who said visitors and civilian employees were ordered to leave shortly after the incident began, said he believes the protest was sparked by detainees' frustration. He said many have complained about a lack of food, bathing facilities and medical attention at the 350-acre, minimum-security compound about 20 miles northeast of Brownsville.

But Austin denied the allegation, saying, "We certainly have a large number of people but we're

meeting the needs."

Officials say about 40,000 Central Americans have applied for political asylum since last spring in South Texas, the nearest crossing point from Central America. The influx caused the INS to begin detaining immigrants whose political asylum applications were denied, instead of allowing them to leave South Texas pending an appeal.

Immigration advocates said such disturbances are a predictable outgrowth of the government's new detention policy.

Rick Swartz, head of the National Immigration, Refugee and Citizenship Forum in Washington, said he hoped the situation at Bayview would be viewed as an indication that "caging" people who have not been accused of crimes is unacceptable.

Lisa Hoffman of the Times Herald Washington bureau contributed to this report.

PIA

Favoritism in INS practices alleged

U.S. foreign policy keeps Nicaraguans from deportation, critics say

By Maggie Rivas

Staff Writer of The Dallas Morning News

WASHINGTON — Three weeks into a new procedure to hasten processing of Central American asylum claims and deport those who are not eligible, deportations have yet to include Nicaraguans, which critics say is a sign that U.S. foreign policy is dictating immigration practices.

Of the 177 people who have been deported from the Port Isabel Service Processing Center near Bay-

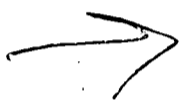
view, Texas, none has been from Nicaragua, although 263 of the 485 applications have come from Nicaraguans, INS officials said Tuesday.

"It brings into question the integrity of the whole asylum system," said Bill Frelick, a policy analyst with the U.S. Committee for Refugees, a private, non-profit based in Washington. Frelick referred to INS figures which showed that the asylum approval rate for Nicaragu-

ans averaged 14 percent for the years from 1983 to 1986, then rose to 83.9 percent after a 1987 memo from then-Attorney General Edwin Meese.

Some Immigration and Naturalization Service officials attribute the delay in deporting Nicaraguans to the Meese memo, which created a special review for Nicaraguans before they can be deported. But at the Justice Department, which handles the special review, the explanation

Please see FOREIGN on Page 13A.



Foreign policy dictating INS practices, critics say

Continued from Page 1A.

for the delay is that the Nicaraguans have apparently taken their cases to an appeals board or the federal courts. Justice Department officials say it could be weeks before the Nicaraguans have exhausted those legal avenues and are deported.

The U.S. government contends that the Nicaraguan government takes part in persecuting various groups, but that other Central American governments do not. Persecution is the basis for asylum determinations.

Critics independent of both the Justice Department and the INS say they fear that the figures for deportations — as well as the fact that Nicaraguans received 38 of 39 of the asylum approvals at the Bayview center in the last three weeks — is indicative of a larger issue.

"This special review is one of the last vestiges of protection given to Nicaraguans under the Meese Justice Department," said Arthur C. Helton, director of the political asylum project for the Lawyers Committee for Human Rights, a non-profit group that monitors refugee protection in the U.S. and abroad.

"I think it's discriminatory because it's a nationality-based distinction which gives the benefit only to Nicaraguans," Mr. Helton said.

Rep. John Bryant, D-Dallas, a member of the House Subcommittee on Immigration, Refugees and International Law, on Tuesday drafted a letter to Immigration and Naturalization Commissioner Alan C. Nelson, asking for an explanation.

"The numbers add a great deal of weight to suspicion that our immigration policy is being managed by the foreign policy mandate in Central America, rather than an objective enforcement of our immigration laws," Mr. Bryant said in an interview.

INS officials Tuesday had not classified the 177 deportations by nationality except to say that none were from Nicaragua. In the first wave of deportations last week, 51 of the deportees were Salvadoran, 14 Guatemalan and five were from Honduras. The INS deported 94 people Monday.

In July 1987, then-Attorney General Meese issued an order to the INS regarding Nicaraguan asylum seekers. Mr. Meese essentially reiterated the grounds for political asylum: "a well-founded fear of persecution on the basis of race, religion, nationality, membership in a particular social group or political opinion."

But the Meese memo went a step further and said that all qualified Nicaraguans seeking a work authorization are entitled to one and that INS officials should encourage and expedite the issuance of those work permits. The memo also said Nicaraguans whose asylum claims had been denied could reopen their applications.

Also, in 1987, Mr. Meese established the Asylum Policy Review Unit in the Justice Department. The unit examines all cases of non-Nicaraguans who have received a final or-

der of deportation from an INS district director.

The unit's director, Henry L. Curry, personally reviews the cases of all Nicaraguans who have received final deportation orders. After Mr. Curry examines the case, Deputy Attorney General Harold Christensen makes a final determination on whether to deport the Nicaraguan.

Mr. Curry said this week that since July, he has received 60 asylum denials for Nicaraguans, while the two staff members of the unit have reviewed the cases of 2,400 to 2,500 non-Nicaraguans recommended for deportation.

Mr. Curry said he has recommended overturning 10 of the 60 Nicaraguan denials, and his staff members have recommended overturning 23 deportation orders sent to the them.

"I judge the case on its own merits and that's the way my staff is to judge every case; that's the standard that is applied to anybody," he said. "The deputy attorney general (Christensen) gives them (cases of Nicaraguans) another look."

Mr. Christensen declined to be interviewed.

Mr. Curry said it was possible that his office has received few cases from the Harlingen district because of a lag between the time the final denial is issued by the INS and the time his office receives it.

"I suppose you might say it's advantageous (to the Nicaraguans) to the degree that the more people who look at something, the more chance there is of finding something that somebody else has overlooked," Mr. Curry said.

Mr. Curry said he did not have figures available for the number of cases that have been routed to his office since the INS changed application-processing procedures in South Texas.

On Feb. 21, the INS adopted an on-the-spot procedure for determining asylum applications. Those would-be refugees whose applications are rejected are detained until they post a bond or are returned to their country of origin. The INS' action was in response to a flood of Central American asylum applicants — as many as 2,000 a week — arriving in the southernmost tip of Texas. Before the latest change in procedure, most applicants were filing their paperwork in Texas and getting their case transferred to another U.S. city.

INS Commissioner Alan C. Nelson last December asked Attorney General Richard Thornburgh to abolish the Asylum Policy Review Unit, saying it was a waste of money.

Last week Mr. Thornburgh said he was not considering overturning the Meese directive. He also denied that Nicaraguans are given any special consideration.

"We've been carrying out, in respect to any prospective asylee, our obligations under the law," Mr. Thornburgh said. "If they (Nicaraguans) had legitimate claims to asylum, they will be granted now as they have in the past."

At the INS, Ralph B. Thomas, the

deputy assistant commissioner in charge of refugees, asylum and parole, said that he did not believe the Meese memo affects either the number of Nicaraguans detained, nor the number who receive asylum.

"I think it did mean that a lot of people applied — including people who were denied" before the memo, said Mr. Thomas. "Miami is still cleaning up cases where in the rush, in August and September of 1987, people came in and we created temporary files and now we're finding out we have two (files for the same person)."

Mr. Thomas said the Miami office received 25,000 asylum applications in August and September 1987.

U.S. drops program to track flow of aliens through Mexico

BY LARRY ROHTER
New York Times News Service

MEXICO CITY — After a strongly adverse public reaction, the U.S. Immigration and Naturalization Service has suspended a program aimed at obtaining intelligence on the flow of illegal immigrants through Mexico into the United States.

A dramatic increase in recent months in the flow of refugees from Central America seeking political asylum in Texas led the agency to intensify its efforts to monitor the routes and traffic controlled by "coyotes," or people smugglers, operating in Mexico.

Agency officials said the operation was being carried out with the knowledge and approval of the Mexican government.

But news reports last week that U.S. immigration agents have been operating out of the embassy in Mexico City and consulates in Monterrey, Guadalajara, Tijuana and Ciudad Juarez quickly ignited a nationwide political controversy.

Mexican newspapers and political opposition figures described the operation as a violation of Mexican sovereignty and angrily accused the U.S. agency of espionage.

Criticism has been especially strong along the U.S.-Mexico border. Immigration and human-rights groups on both sides of the 1,952-mile frontier have protested the monitoring operation and the willingness of the Mexican government to cooperate with the arm of the U.S. government that is most widely disliked in Mexico.

Officials said it is too early to say when, or if, the U.S. monitoring efforts in Mexico might be resumed and they

maintained that the suspension is not a response to Mexican complaints.

A U.S. official said that U.S. immigration agents in Mexico City "are not going to be doing any traveling for a while," adding that information on Central Americans "has been updated for the time being."

That suspension, which has not been formally announced, is likely to impede

"Any hardening of positions or settling of scores, either by the new Arena government or the rebels, is certain to send more Salvadorans our way, and yours."

— A Mexican official

U.S. efforts to deter the flow of Nicaraguans, Salvadorans and other Central Americans through Mexico into the United States.

Earlier this year, as many as 2,000 Central Americans fleeing civil war, political repression and poverty in their homelands were entering the United States each week.

One month ago, the immigration service beefed up patrols on the Texas side of the border and announced new regulations aimed at making immigration hearings for Central American refugees faster and more rigorous.

Agency officials in Washington said that both the number of requests for political asylum and apprehensions of

Central Americans trying to enter the United States illegally have since declined.

Mexican officials, however, said they have noticed no significant decrease in the number of Central Americans entering their country since the new rules were announced Feb. 21.

In addition, some have expressed concern that the victory of Alfredo Cristiani of the right-wing Arena party in Sunday's presidential election in El Salvador could trigger a new wave of immigration.

One Mexican official said: "Any hardening of positions or settling of scores, either by the new Arena government or the rebels, is certain to send more Salvadorans our way — and yours."

The monitoring program first became known earlier this month when copies of memos sent by E. Michael Trominski to his superiors were published in the press in Mexico and in the United States. Trominski is the regional director in Mexico City for the Immigration and Naturalization Service.

U.S. officials said an investigation is under way to find the source of the leaked information.

Publicly, the Mexican government has made no comment on the reports of cooperative efforts. But the wisdom of assisting the U.S. agency has been a subject of considerable debate within the government.

P. 11

Refugees overtaxing Valley health care

By Richard R. Aguirre
OF THE TIMES HERALD STAFF

MAR 23 1989

BROWNSVILLE — An inadequate federal response to the unprecedented influx of Central Americans into the lower Rio Grande Valley is taxing an already overburdened public health system, creating a ripe climate for epidemics and jeopardizing the well-being of the nation's newest immigrants, according to public medical specialists and immigration attorneys.

To substantiate their claims, the specialists point to outbreaks of measles, hepatitis and tuberculosis at refugee centers and said Central Americans have been referred to crowded public health facilities because there is nowhere else in the Rio Grande Valley they can receive medical attention.

Representatives of the U.S. Immigration and Naturalization Service and the U.S. Public Health Service dispute the allegations. They said they are caring adequately for an estimated 3,000 refugees at government-sponsored detention facilities and at a Red Cross shelter for families in Brownsville.

"At the Port Isabel facility, we have not had a serious outbreak of disease and we don't anticipate one," said Virginia Kice, a spokeswoman for the INS. "Anyone with a serious health situation is referred to medical specialists for care."

Please see **REFUGEES, A-10**

REFUGEES

From A-1

Kice conceded that the health service has fallen behind in its medical screenings and sick calls for immigrants at the Port Isabel Service Processing Center in Bayview but said the problem will ease, because the government has added doctors and nurses.

Federal officials said three health service physicians are assigned to treat 2,417 immigrants at the Port Isabel facility. One health service physician is assigned to the Red Cross center that houses 1,024 immigrants.

Red Cross employees said medical personnel are on duty 24 hours a day at the center, and all immigrants receive a health screening within days of their arrival.

But attorneys and officials in Cameron County, where Brownsville is located, contend that the INS detention policy is causing overcrowded conditions and jeopardizing proper health care. Among their concerns:

■ Personnel from the U.S. health service, who are supposed to be transferring serious medical cases to two area hospitals, have referred patients to a Brownsville public health clinic that already is deluged with indigent Americans.

■ The Red Cross facility in Brownsville is housing patients with measles in a former agricultural greenhouse in close proximity to unaffected residents.

■ The Red Cross facility also is home to an elderly patient with Hodgkin's disease, a 7-year-old boy suffering from partial facial paralysis and another boy with epilepsy. None has received the follow-up care they require.

Paula Gomez, executive director of the Brownsville Community Health Center, said the dozens of referrals her facility has received demonstrates the federal government hasn't allocated enough staff and money to treat the immigrants.

"I believe very strongly the situation is going to get worse before it gets better," Gomez said. "We're going to have a major problem, because there's just no way you can adequately care for this size of population in such crowded conditions with so little staff.

"And there's no way anyone can tell me that having 3,000 people thrown together that you're

not going to have some people who are contagious."

Gomez said she has told the U.S. health service the clinic can no longer accept referrals from the Red Cross shelter because indigent U.S. patients may begin to suffer.

As it is, Gomez estimated the clinic is serving about 22 percent of its potential patient pool. She said the clinic has so many patients because there are no public hospitals in the Rio Grande Valley that serve indigents with non-emergency cases.

Dr. Lorenzo Pelly, a Brownsville physician who often treats immigrants without charge, said poor people without life-threatening illnesses and conditions must travel to a public hospital in Galveston or go without treatment.

The pool of potential residents needing care from public clinics also is high because the regional unemployment rate is about twice the state average, and an estimated 70 percent of area residents are either uninsured or underinsured.

Dr. Bob Vera, an obstetrician for the Brownsville Community Health Clinic, alleged that two women, released by INS officials although they were in the advanced stages of pregnancy, had to be rushed to Brownsville hospitals last weekend by ambulance. The women delivered healthy babies, but Vera said other refugees may not be so fortunate.

"We know that housing people like farm animals breeds diseases," Vera said. "I just know that there's going to be some obstetrical disasters, because we have some real disasters with the population we're supposed to serve."

Lisa Brodyaga, a Harlingen attorney who represents immigrants at the Port Isabel facility, said several of her clients have complained of specific medical problems but have not been helped.

"Lack of medical attention was a chronic problem even when they had only 250 people detained here," Brodyaga said. "I have one client who only has one good eye and is in danger of losing that because of the difficulties he's been having getting medical treatment."

Kice said she was unaware of Brodyaga's client and denied the INS has released pregnant women or other patients to evade financial responsibility for their treatment. She said that for humanitarian reasons, pregnant women are released to families and friends whenever possible.

"We don't want the stress of being detained to cause a miscarriage or another problem," Kice said.

Pelly said the vast majority of Central Americans are in good health, and government officials are

doing the best they can to deal with the large influx of immigrants. But he also said more problems may arise if the detention facilities and the Red Cross shelter continue to take in more people.

Federal officials acknowledged that there have been outbreaks of chicken pox, hepatitis, measles and tuberculosis but said patients with such diseases have been isolated and there is no threat of epidemic. Officials, however, could not provide an exact number of such cases.

The Port Isabel facility was designed to hold about 500 people but has been expanded to hold up to 5,000 by using tents. The Red Cross center is at about twice the optimum capacity, but a second family shelter is due to open in about two weeks, officials said.

"When I walked into the Red Cross center this

week, I said to myself, 'If I don't catch something here, I must be pretty immune,' " Pelly said. "I guess there is the potential for an epidemic."

Mark Schneider, an Harlingen attorney, also complained that federal officials are doing little to provide psychological and psychiatric counseling despite the fact that many immigrants grow depressed when detained or have not recovered from arduous journeys from their homelands. He said a minor uprising at Port Isabel last week, which involved about 300 refugees chanting protest slogans and pushing down a fence, is an indication tensions are increasing.

"These folks often have problems, and many need counseling because of the horror they have gone through," Schneider said. "But the Valley doesn't have those kinds of services."

OFFICE OF THE GOVERNOR

DECEMBER 9, 1988

Agriculture

REMARKS OF GOVERNOR BILL
IN ACCEPTING FINAL REPORT
THE GOVERNOR'S TASK FORCE ON AGRICULTURE
AUSTIN

Seven months ago, I called on this task force to develop suggestions to enhance and protect the vitality of Texas agribusiness in the coming decades.

It was a tall order. But with this group's diverse and successful experience in the industry, it was an order I knew they were fully capable of filling.

Agriculture is our number one renewable economic resource. It's the foundation upon which our state was built and it holds out countless opportunities.

Texas consistently ranks among the nation's top three states in total cash receipts from agribusiness, and we're in the top 10 nationally in the production of 42 different agricultural commodities.

Our food and agriculture sectors now account for some 20 percent of all jobs in Texas. That translates into a total economic output of more than 70 billion dollars per year. Together, food and agriculture represent the second largest industry in Texas.

But many of our farmers and ranchers are facing financial crises.

From 1979 to 1986, farm cash receipts in Texas dropped by 17 percent and farm debt rose by 18 percent to 10.4 billion dollars. Combined, this meant a 35 percent reduction in available assets for our farmers and ranchers.

MORE

In Texas today, agribusiness accounts for less than 10 percent of the "total value added" to our economy through processing and manufacturing. That's in stark contrast to the national average of 20 percent.

Bringing Texas up to that average would create more than 250,000 new jobs for Texans and boost our annual gross state product by 24 billion dollars, according to Texas A&M University. That's a long-range goal we can and should shoot for.

Clearly, too much of Texas' agricultural processing takes place outside the state. And certainly, a great opportunity exists to expand our economy through this one sector alone.

It's this type of potential that I asked this task force to address. Jerry, I'm delighted that you took up that challenge with enthusiasm and diligence, and I know that your report will embody both.

As I've said before, this task force is one of the most critical that I will appoint as governor. As we prepare to enter a new decade, I'm confident that your input will help shape Texas agribusiness and our economy as a whole.

So on behalf of all Texans, let me say how much we appreciate the tremendous contribution that all of you have made to our entire state. I commend your dedication and your invaluable efforts.

END

Foreign farmland ownership up in state

From staff and wire reports

Foreign ownership of agricultural land in Texas rose by only 796 acres last year after increasing by tens of thousands of acres in the early 1980s, the U.S. Agriculture Department said Thursday.

Total foreign ownership came to 1,029,855 acres, amounting to less than 1 percent of the state's 156,768,000 acres of privately owned agricultural land.

Foreign ownership jumped from 798,616 acres at the end of 1981 to 1,017,382 by the end of 1985, but has slowed considerably since then.

The weak farm economy of the past four or five years was probably a factor, said Norvell Breedlove, an official in the state office of the Agriculture Stabilization and Conservation Service in College Station. New federal rules denying many farm program benefits to foreign owners, announced about a year ago, "could have caused them to back off even more," he said.

In terms of use, foreigners owned 282,862 acres of crop land, 571,050 acres of forest, 72,919 acres of vineyards, citrus orchards and the like and 77,395 acres of agricultural land not presently in production at the end of 1988.

The top foreign owners by country were the Netherlands Antilles, 108,645 acres; West Germany, 93,796; Canada, 74,460; and the United Kingdom, 41,395.

Nationally, foreign ownership rose to 12.5 million acres at the end of last year, an increase of 99,100 acres from the prior year, the Agriculture Department said.

Despite the rise, foreign ownership remained at slightly less than 1 percent of the total privately owned agriculture land in the United States.

The Agriculture Department said that based on reports submitted under the Agricultural Foreign Investment Disclosure Act of 1978, forest land accounted for 48 percent of all foreign-owned acreage, crop land 17 percent, pasture and other agricultural land 30 percent and non-agricultural land 5 percent.

Corporations owned 80 percent of the foreign-held acreage, partnerships 11 percent and individuals 7 percent, with the remaining 2 percent held by estates, trusts, associations, institutions and others.

Citizens or corporations from Britain, Canada, France, West Germany, the Netherlands Antilles, the Netherlands and Switzerland own 74 percent of the foreign-held acreage. Japanese citizens own 2 percent of the total, the department said.

The largest foreign-owned acreage, mostly timberland, was reported in Maine — 1,799,794 acres.

It said foreign holdings account for 10 percent of Maine's privately owned agricultural land, and the Maine acreage represents about 14 percent of the reported foreign-owned land in the United States.

After Maine, foreign holdings are concentrated in the South, which has 36 percent, and Western states, with 35 percent. Rhode Island is the only state with no reported foreign-owned land, the department noted.

Farm Bureau gambles

Sec 1, P 11
APR 11 1989

Reputation at stake in Hightower stand

BY KAYE NORTHCOTT

Fort Worth Star-Telegram Austin Bureau

AUSTIN — By leading the charge to eliminate the post of elected agriculture commissioner, the Texas Farm Bureau took on one of its most controversial missions ever.

Capitol sources say it's not just Agriculture Commissioner Jim Hightower's job that's at stake, but also the Farm Bureau's reputation as the most powerful representative of Texas farmers.

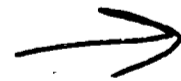
Hightower and his defenders say the bureau is an insurance company in disguise.

"This organization is big business, just like the chemical industry is big business, and they're trying to put on the mask of the Texas farmer and they're not," said Rebecca Lightsey, a consumer lobbyist who heads a coalition of groups supporting Hightower.

The Texas Farm Bureau Mutual Insurance Co., the largest company wholly owned by the Farm Bureau, last year sold \$103.9 million in insurance, a figure that dwarfs the Farm Bureau's annual budget of about \$3.26 million.

By the Farm Bureau's own reckoning, as many as half of its 326,000 members may pay their annual dues just to buy insurance from the organization's subsidiaries. But Bill Hoover, a bureau spokesman, says the bureau's mission is to work for farmers rather than big business. The insurance companies "will not be the tail wagging the dog," he said.

As for the 800 delegates who traveled
(More on BUREAU on Page 14)



Bureau / From Page 11

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to Waco for the Farm Bureau's unprecedented special meeting in March, Hoover said, "If you looked at their fingernails and hands you would know they were farmers."

The delegates were there for a single purpose — to change their official policy from favoring an elected agriculture commissioner to favoring an appointed one.

The delegates made it clear they think Hightower is the one in disguise. They complained that he knows little about farming and that he represents health food faddists more than he represents mainstream farmers.

As for the bureau, Hoover said it counts 326,167 member families in 216 Texas counties. The Farm Bureau does not keep records on the occupations of its members, a fact that Hightower allies find suspicious because the Department of Agriculture counts no more than 50,000 working farms in the state.

Hoover said that at a minimum, the bureau can count 126,638 members farming full or part-time. That's how many people voluntarily returned forms printed in the bureau's biweekly newspaper last year indicating that they produce at least one commodity.

On insurance, Hoover said the bureau took the plunge after World War II because farmers and other rural resi-

dents had difficulty finding good policies, and because insurance services would lend stability to the organization.

"We've found that any organization that tries to exist merely on issues will have a widely fluctuating membership," he said.

Farm Bureau's insurance companies proved to be popular because adjusters had headquarters in rural areas to expedite claims — there are about 160 in county Farm Bureau offices across Texas — and because policy buyers received generous dividends, in profitable years as much as 50 percent of the cost of the policy, Hoover said.

The dividends are considerably less these days. The Texas Farm Bureau Mutual Co. has lost money nine out of the last 10 years because of a higher-than-usual helping of natural casualties, including hailstorms, tornadoes, freezes and floods, said Edward Drake, executive vice president.

Farm Bureau lobbyist Joe Maleys says the insurance companies do not influence policy because only agricultural producers are allowed to vote at bureau conventions.

But on the executive level, at least, the Texas Farm Bureau and the insurance companies are one and the same. S.M. True is president not only of the

bureau but also of the mutual company and Texas Farm Bureau Underwriters. Both are owned by Farm Bureau members.

In addition, the Texas Farm Bureau controls one-tenth of the Southern Farm Bureau Life Insurance Co. and one-sixth of the Southern Farm Bureau Casualty Insurance Co.

A bureau affiliate also makes group purchases of tires, batteries, tillage tools, auto parts and other equipment, which lures non-farmers into membership.

The insurance companies invest heavily in government bonds and industrial stocks, including industries that sell agricultural chemicals.

Hightower has charged that the chemical industry, critical of his vigorous regulation of pesticides and his advocacy of hormone-free beef, is at the heart of the effort against him.

On the day last month that the Farm Bureau held a special statewide meeting to vote in favor of abolishing the elected commissioner, farmers supporting Hightower counterpunched with news conferences in four Texas cities to say that the Farm Bureau invests heavily in agricultural chemicals.

They mentioned specifically the insurance companies' investments in Syntex Corp., a major manufacturer of

synthetic animal hormones.

Responding during a news conference at their Waco headquarters that day, Farm Bureau officials said the bureau did not invest in Syntex. But the Southern Farm Bureau Casualty Co., one-sixth owned by the Texas Farm Bureau, reported owning Syntex stock with a market value of \$406,250 at the end of 1988. During the same year, the company reported making a profit of \$410,000 on the sale of Syntex stock.

The insurance companies also have invested in the FBL Series Fund Inc., formerly the Farm Bureau Growth Fund, and about 3.5 percent of that portfolio is Syntex stock.

The Texas Farm Bureau Mutual Co had very little common stock. The vast majority of its investments are government bonds.

The Southern Farm Bureau Casualty Co., with stock holdings of \$118,531,681 at the close of 1988 — the largest stock portfolio of any of the Farm Bureau's insurance companies — had at least \$7.082 million invested in companies that produce agricultural chemicals.

Hightower's supporters point to these figures and say that the tail is indeed wagging the dog. But Farm Bureau officials say chemical company stock is just a drop in the bucket.

Farm income

grows

MAR 25 1989

p. 1F

N. Texas survey finds 10% increase

By Steven H. Lee

Staff Writer of The Dallas Morning News

Strong cattle and grain prices, and continued growth in the dairy industry, propelled a 10 percent increase in 1988 gross farm income in a 36-county region of North Texas served by TU Electric, according to the utility company.

Gross receipts from crops, livestock and government payments rose to \$2.39 billion last year from \$2.17 billion in 1987, according to the electric utility's annual agricultural income survey.

The data is gathered by "income committees" formed by TU Electric in each county, including extension specialists, producers, agribusinesses and others involved in agriculture. The company calls the figures "unofficial," but broadly indicative of agricultural activity across the region.

"We're continuing to see a big increase in the dairy business," said TU Electric's manager for agribusiness, Charles Elk, who is based in Dallas. "And the drought in the Midwest boosted our grain prices." The 1988 drought in Texas mostly was confined to

areas of South and East Texas, leaving pasture lands bare and forcing ranchers to purchase high-cost hay and feed, or else sell off cattle prematurely.

Much of North Texas had adequate moisture, with many wheat growers producing good yields and taking advantage of it. Please see AREA on Page 4F.

Area farm income up 10% in '88

Continued from Page 1F.

Increased grain prices caused by declines in production elsewhere.

"They had their cake, and ate it, too," Mr. Elk said.

He said the drought did affect hay production in some parts of North Texas, but that most other crops already were harvested prior to the worst of the dry spell. And dairy producers continue to post big increases in production, following the end of the government's whole-herd dairy buyout program in the fall of 1987, which paid many dairy producers to leave the business in order to stem overproduction.

Two of the state's biggest milk-producing counties are located in North Texas. Hopkins County

posted a 14.5 percent increase in gross income from milk production to \$110.0 million last year from \$96.1 million in 1987. Erath County saw a 24.5 percent increase, to \$100.4 million from \$80.6 million.

The utility company's 1988 survey was expanded to include 19 additional counties, mostly in West Texas, that previously were served by Texas Electric Co. prior to its 1984 merger with Texas Power & Light, which formed TU Electric.

For the total of 55 counties surveyed, \$2.99 billion in gross farm income was recorded. Of that total, livestock and related products led with \$1.78 billion in receipts, with crops bringing \$1.04 billion and government farm-program payments totaling \$171.9 million.

Manufacturing, not oil, now primes state's economic pump

FORT WORTH STAR TELEGRAM

MAR 25 1989

Sect. 2 p. 1

"We're doing real good right now in Texas. Sales tax collections are way up over a year ago ..."

— Bob Bullock
state comptroller

BY KYLE THOMPSON
Special to the Star-Telegram

AUSTIN — A shift from dependency on oil and gas to manufacturing in Texas is leading the way to a noticeable economic recovery in the state, Comptroller Bob Bullock says.

Already this year, growth is being seen in Fort Worth, Dallas, Houston and even the Rio Grande border areas, Bullock said in an exclusive interview with the *Fort Worth Star-Telegram*.

The banking and thrift industries still are in trouble, Bullock noted, but he said manufacturing — especially in the Metroplex — is more than making up for the still sluggish financial and petroleum industries.

"We're doing real good right now in Texas," Bullock said. "Sales tax collections are way up over a year ago ..."

In fact, the economy is doing well enough that additional taxes likely won't be needed over the

next two years, Bullock said, and increased activity may even give this year's Legislature as much as \$3 billion in extra money even after current temporary sales tax increases expire Aug. 31.

Bullock said the Fort Worth-Arlington economy is gaining because of a backlog of defense contracts, a weaker dollar that is helping exports and the bottoming out of the construction slump. The upswing should continue gaining momentum throughout 1989, he said.

A special study prepared by the comptroller's Economic Analysis Center showed non-farm employment in Fort Worth in January up by 12,000 jobs, a 2.3-percent increase over a year ago. Total non-farm jobs stood at 532,500.

Fort Worth manufacturers went into high gear during the first half of 1988, the study found. For the year, manufacturing jobs were up 2,900, or 2.5 percent, to 121,200.

Bell Helicopter Textron, which has 7,900 em-

ployees, has added 1,000 jobs over the last 18 months. General Dynamics, Fort Worth's largest employer, with nearly 30,000 employees, has a record \$8 billion to \$11 billion backlog of orders at its Fort Worth Division.

Upswings also have been seen in high-tech electronics, printing and publishing and transportation equipment manufacturing, according to the special study.

The construction bust that hit Texas in early 1986 cost Fort Worth nearly 11,000 jobs, Bullock said. From its peak of 34,300 jobs in 1985, construction work declined 31.8 percent well into 1988, hitting a low of 21,800 jobs by midsummer. Since then, there has been a slight increase, indicating big losses in the industry are probably over, he said.

But Fort Worth's financial community still is plagued by problem loans, the study showed.

Total assets of the 78 commercial banks in

Tarrant County declined 23.8 percent from \$11.2 billion to \$8.6 billion over the 12-month period ending in September 1988. During the nine-month period ending September 1988, Tarrant County banks lost \$216.6 million, compared with a loss of \$32.6 million for all of 1987, the report found.

"Tarrant County banks are very short of capital, with a capital-to-asset ratio of 3.1 percent, compared to the statewide figure of 4.7 percent," the study said. "Until new capital is raised, the availability of funds for new loans will be scarce."

Bullock expects the upswing in the economy to continue at least through 1989 and possibly into the early 1990s.

Bullock said a shift in the last two or three years from dependence on oil and gas to sales taxes as the major source of state revenue is bringing more

(More on BULLOCK on Page 3)

stability to state spending needs.

"Just a few years ago, we collected 27 cents out of every dollar from oil and gas," he said. "Today oil and gas tax collections are down to 8 cents. It used to be that sales taxes was No. 1 in state revenue collections, gas severance taxes were No. 2, oil was No. 3, franchise taxes No. 4 and motor vehicle taxes No. 5.

"Today sales taxes rank first, motor fuels next, followed by motor vehicle sales taxes, franchise taxes, gas and oil. Before long, we will be paying more taxes for cigarettes than for oil in Texas.

"Things are moving along pretty good right now in Texas. Psychologically, our problems now in taxes are not so much on the state level as it is with local taxes. City and county governments get most of their income from property taxes, and with recent drops in property values, some of the local governments are getting in a bind. That's where the big problems are going to be found in coming months."

BATTLE OF THE BEEF

MAR 21 1981

Controversy over hormones in exports grows

ASSOCIATED PRESS

NEW YORK — What started as a European Economic Community ban on U.S. beef with growth-enhancing hormones is turning into an international scrap over the market for untreated meat.

Twenty-eight countries have agreed to EEC requirements for certifying that beef sent to the 12-nation trading group is hormone-free, said Jacques Vonthron, the EEC's agricultural attache in Washington. The largest exporters include Argentina, Australia, Brazil and New Zealand.

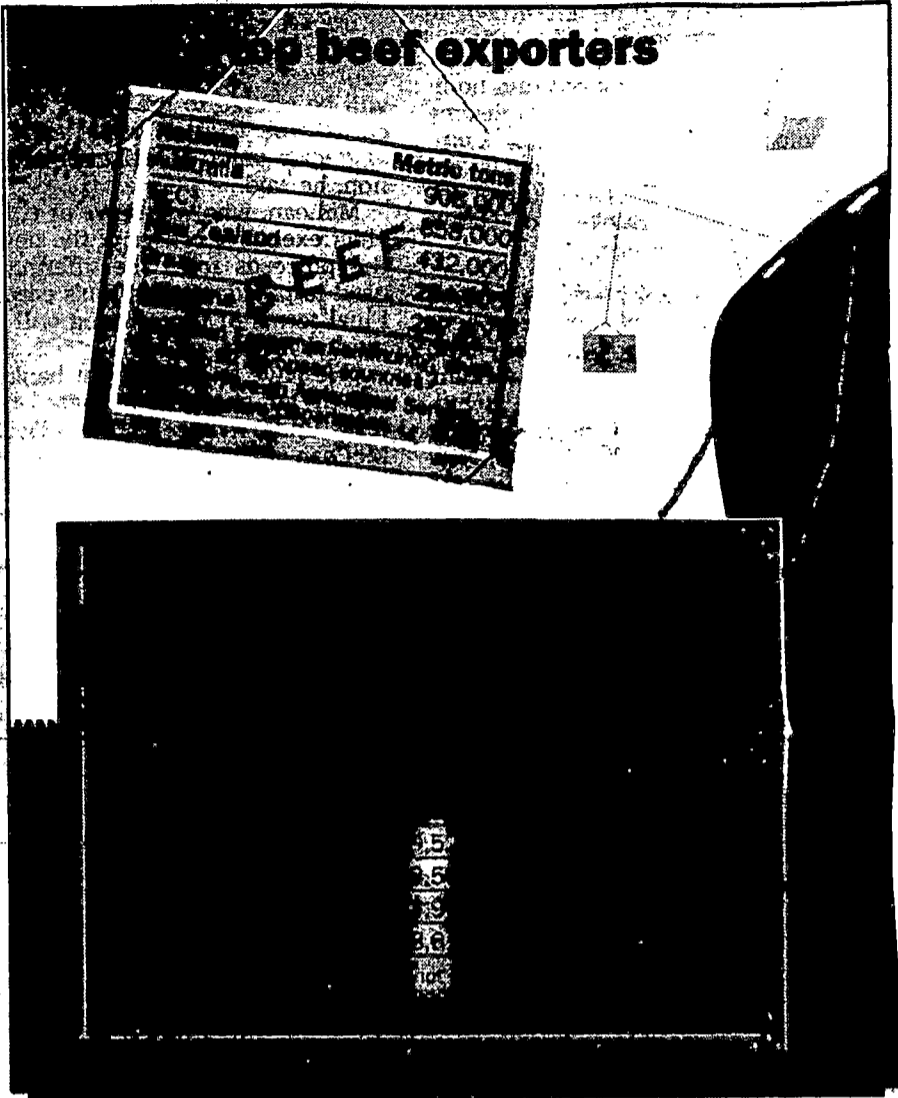
Which of those beef-producing countries will fill the \$100 million U.S. share of the European market has yet to be determined. Retailers are now completing sales of their last U.S. shipments since the hormone-treated beef ban started, Vonthron said.

Texas beef producers, who raise approximately one-fifth of U.S. beef cattle, are concerned about whom European retailers might turn to while American suppliers are out of the market, said John Vlcek, spokesman for the Texas Department of Agriculture.

The Texans might be willing to accept the European standards to preserve their share of exports to the EEC, Vlcek said. Some Texas beef industry officials already have explored the idea.

In addition, news about the U.S.-EEC dispute has incited a small but growing demand for hormone-free beef by health-conscious Americans, cattle producers and consumer groups said.

At issue is the January ban by the EEC on U.S. beef treated with three natural and two artificial growth



Chris Morris/Dallas Times Herald

hormones. The time-released, muscle-building substances are injected via pellet under the ear skin of a young cow or steer.

Europeans contend the hormones are a health hazard for humans. The United States says the health issue is a pretext for a trade barrier.

European cattle herds are too large for demand, according to Jon Brandt, co-director of the Food and Agriculture Policy Research Institute at the University of Missouri. U.S. suppliers have a similar problem. Americans are eating 23 per-

cent less beef today than in 1976, he said.

Concern over the purity of food and environment "is a growing trend around the world in developed countries," said C. Ford Runge, who was special assistant to the U.S. ambassador at the Geneva meeting of the General Agreement of Tariffs and Trade, which unsuccessfully sought to thwart the beef ban.

Health and environmental concerns can be legitimate reasons to

Please see BEEF, D-5

Dallas Times Herald

BEEF

From D-1

request trade restrictions, Runge said. But these fears also allow "protectionists to hide."

The EEC has vowed to bar U.S. beef products for human consumption, and the United States is retaliating with 100 percent tariffs on \$100 million in European foods, ranging from canned tomatoes to instant coffee.

Both sides agreed in February to establish a task force to study the issue.

"You've got a lobby in Germany that's very concerned" about hormones accumulating in the beef organs imported from the United States, said Runge. "The European community has created a market niche that a number of [exporters] are trying to fill."

One peculiarity of European beef imported from the United States is that 75 percent consists of organ meat — livers, kidneys, tongues and tripe used in everything from pate to steak and kidney pies.

EEC beef imports amount to only about 2 percent of U.S. production, according to Alisha Harrison of the National Cattlemen's Association in Washington.

Brandt pointed out that this 2 percent accounts for much of the organ meat produced in the United States, and cattlemen don't want to change production methods for the several pounds of organ meat derived from each animal.

"We don't feel it's right for a

foreign government to dictate to the United States how we should produce our cattle," Harrison said, noting that the U.S. Agriculture Department accepts hormone conditioning.

The EEC is asking for certification of hormone-free beef, which would boost the production cost of U.S. meat and make it less competitive, she said.

"The reason why we're so adamant about opposing the beef ban is because they haven't been able to produce the scientific evidence to support their hormone ban," she said.

The beef-hormone commotion also has piqued the curiosity of American consumers.

"People are worrying about food additives, and it is growing daily," said Mel Coleman, marketing director of Coleman Natural Beef in Denver, which slaughters 20,000 cattle a year after certifying them additive-free.

It is one of about six hormone-free beef producers that supply 1,200 U.S. supermarkets catering to health-conscious buyers, said Dan Howell, director of the Americans for Safe Food Project, a consumer advocacy group.

Beef free of hormones and antibiotics, both used to enhance growth, sells for about 25 percent more than other U.S. beef, industry experts said.

Howell said a 1988 study by the Food Marketing Institute, an independent, Washington-based trade association of 17,500 retail food stores, showed 61 percent of shoppers considered hormone and antibiotics in meat and poultry to be a serious health concern.

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WILLIAM P. CLEMENTS, JR.
GOVERNOR



HENRY M. GANDY
DIRECTOR

**THE STATE OF TEXAS
OFFICE OF STATE-FEDERAL RELATIONS**

April 17, 1989

MEMORANDUM

TO: HENRY GANDY, DIRECTOR

FROM: GLEN HODGES

RE: BACKGROUND INFO FOR PRESIDENT BUSH'S SPEECH TO LEGISLATURE

- I. REPORT OF GOVERNOR CLEMENTS'S TASK FORCE ON AGRICULTURAL DEVELOPMENT
- II. DROUGHT AND OTHER DISASTER DAMAGE TO AGRICULTURAL PRODUCTION
- III. DISPUTE WITH EC OVER BEEF HORMONE BAN



STATE OF TEXAS
OFFICE OF THE GOVERNOR
AUSTIN, TEXAS 78711

WILLIAM P. CLEMENTS, JR.
GOVERNOR

March 30, 1989

The Honorable Clayton Yeutter
Secretary of Agriculture
United States Department of Agriculture
Washington, DC 20250

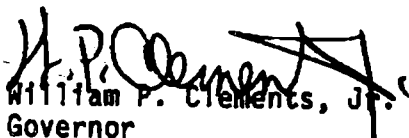
Dear Clayton:

It is my understanding that your office is evaluating the crop and pasture land in Texas to determine if conditions warrant continuation of disaster relief programs. It is also my understanding that your office requested the Texas Agricultural Stabilization Conservation Committee to submit a report detailing the severe agricultural problems caused by drought, freeze and insects existing in parts of Texas such as the High Plains and the Valley. In this report, the state committee recommends that a disaster program similar to the 1988 Disaster Program be enacted for 1989 and that the Emergency Feed Program and the Emergency Feed Assistance Program be extended.

I strongly urge you to accept the state committee's recommendations and to implement the disaster relief programs as soon as possible to assist Texas agriculture producers.

Your consideration of this vital issue is greatly appreciated.

Sincerely,


William P. Clements, Jr.
Governor

WPC:RPT/mms/cap

PHIL GRAMM
TEXAS

United States Senate

WASHINGTON, DC 20510

March 30, 1989

The Honorable Clayton Yeutter
Secretary
U.S. Department of Agriculture
14th and Independence Ave., S.W.
Washington, D.C. 20250

Dear Clayton:

I want to bring to your attention the severity of continuing drought conditions in Texas and request that you give serious consideration to requests made recently by the Texas ASCS Committee to continue availability of certain emergency relief programs.

As noted in the State Committee's report of March 22, 1989, drought conditions are widespread throughout Texas, but there are two areas that have particularly severe problems at this time. The hard red winter wheat producing areas of the High Plains and the Low Rolling Plains, and the cotton, feed grain and vegetable producing lower Rio Grande Valley are extremely dry.

Most of the winter wheat area "has had no significant moisture with a maximum of one and one-half inches of precipitation since September, 1988," the report states. "The lower Rio Grande Valley is extremely dry with virtually no moisture with which to plant. Because of program requirements, producers are dry-planting crops knowing that they stand virtually no chance of germination. A major portion of the cotton and feed grains are affected. Wind erosion is becoming a severe problem."

In conclusion, the State Committee recommends the Emergency Feed Program and the Emergency Feed Assistance Program be extended for livestock producers in the hardest hit areas. The State Committee has also requested authority to use all the tools made available for disaster on a county-by-county basis.

In light of the fact that 1989 drought conditions in Texas are threatening to be even worse than the 1988 disaster, I strongly urge you to move as quickly as possible to grant the Texas State ASCS Committee's requests. With the severity of Texas drought conditions today, it is essential that the USDA respond as quickly as possible to help shield farmers and ranchers from another disastrous drought.

Yours respectfully,



PHIL GRAMM
U.S. Senator

Subject: Recommendations for 1989 Disaster Program

Per the request from Dan Shaw, Southwest Area Director, enclosed is a report on the statewide drought and weather conditions for Texas. Two areas of the State have especially severe problems at this time.

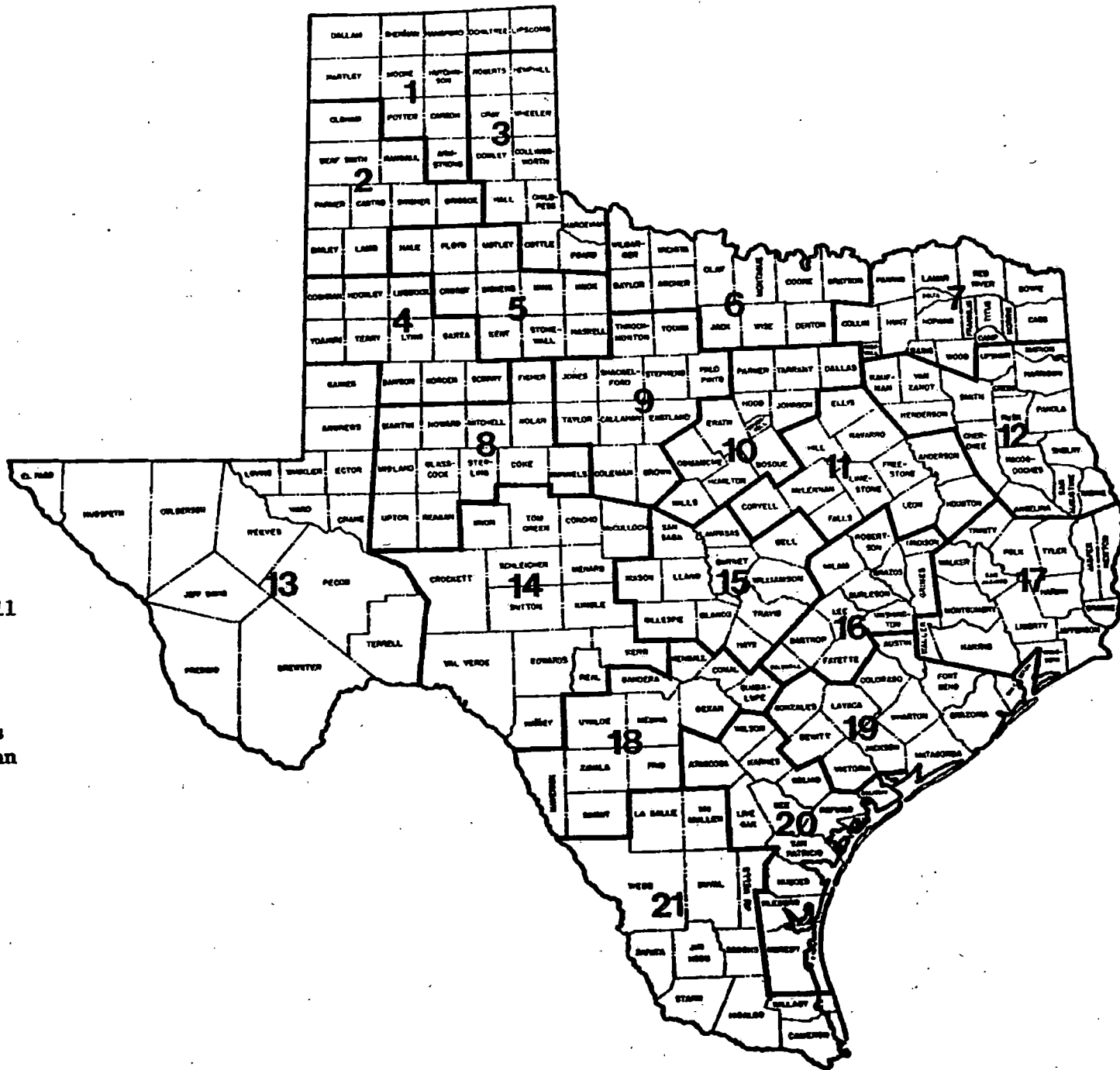
Current conditions show that areas that produce hard red winter wheat and cotton, feed grain, and vegetables in the Valley have extreme drought conditions.

The hard red winter wheat area includes the High Plains and the Low Rolling Plains. Most of this area has had no significant moisture with a maximum of one and one-half inches of precipitation since September, 1988. The lower Rio Grande Valley is extremely dry with virtually no moisture with which to plant. Vegetable crops that are not irrigated are in trouble. Because of program requirements producers are dry planting crops knowing that they stand virtually no chance of germination. A major portion of the cotton and feed grains are affected. About the only significant moisture has been 2 inches of rain when Hurricane Gilbert passed through. Usually the Valley would receive 8-10 inches from such a storm. Wind erosion is becoming a severe problem.

The State Committee recommends a Disaster Program similar to the 1988 Disaster Program be enacted as soon as possible for 1989. Also, the EFP and EFAP Programs should be extended.

The State Committee is requesting authority to use all the tools made available for disaster on a county by county basis and be able to move quickly into the areas that need drought and disaster assistance.

Enclosure



DISTRICT DIRECTORS

- 1 C. Jane Allison
- 2 Johnny T. Fuston
- 3 Albert C. Marshall
- 4 Don A. Tatum
- 5 John R. Fowler
- 6 Perry J. Barnes
- 7 A. Craig Trimm
- 8 F. Tolbert Jaynes
- 9 Richard O. Newman
- 10 Jerry L. May
- 11 Cecil A. Barton
- 12 Darren G. Owens
- 13 B. Fern Bingham
- 14 Tom Egan
- 15 G. Pat Guy
- 16 Sammy C. Cook
- 17 Jo Anne Stansel
- 18 David L. Adams
- 19 John C. Svoboda
- 20 Michael K. Klein
- 21 Juan M. Garcia

During the Joint Session with the State Committee, the following reports were given by District Directors on respective areas in the State of Texas.

District 1: Jane Allison, District Director

The weather and crop conditions are very dry. There has been very little measurable precipitation since September 1988. There was four inches of snow in Potter County on March 20, but only very small amounts in other counties in the district.

All wheat is in very poor condition, both irrigated and dry land, due to dry weather, insects, and freeze. Some reports state the wheat conditions are the worst they have been in 30 years. The most severely affected counties in the district are Hansford and Sherman.

District 2: John Fuston, District Director

The weather conditions from September 1988 thru March 21, 1989, have been very dry -- less than two inches of rain and snow in the district. The dry land and irrigated wheat is in very bad shape, 60-80% below normal. There have been bad grass fires and wind erosion in the district.

Due to haying and grazing in the District being very short, the COC is requesting approval to hay and graze for the five month non-grazing period. Also, the Committee requests that the Disaster Program be extended for the 1989 wheat crop.

District 3: Albert Marshall, District Director

This district has had extreme dry conditions. The wheat is very poor. There is little to no grazing in many areas. Hay supplies have been depleted. The feeding of livestock is above normal. Several thousands of acres of grassland have been burned off. Pastures are grazed out. CRP grazing would allow pastures to be replenished. ACP and Paid CU haying would help replenish the hay reserves.

District 4: Don Tatum, District Director

The District needs general rain. Small grain crops have not furnished grazing. Stock water is a problem for the Ranch Country.

The approval to hay and graze during the five month non-grazing period may keep producers from participating in the EFP Program.

County offices are very busy with cotton loan redemptions, program sign-ups, and payments.

District 5: John Fowler, District Director

Very dry conditions exist in the southern part of the district. Northern counties of the district received about 3-4 inches of snow March 20, 1989. The available land for haying and grazing is short. Wheat is being abandoned.

The COC is requesting early announcement to hay and graze on ACR and CU. If CRP were released for haying and grazing it would be beneficial and less cost to the government. Grazing would benefit the CRP in many cases.

District 6: Perry Barnes, District Director

The district is presently experiencing drought conditions.

Haying and grazing during the five month non-grazing period is needed in the entire district.

EFP will not be needed beyond the end of the feeding period. There is not a need for any type of emergency aid at this time.

Districts 7, 10, 11, 12, 14, 15, 16, and 17: Jerry May, District Director #10 (Spokesperson)

The districts do not expect any requests for extension of EFP. However, the door should not be closed on the possibility later after looking at spring pasture conditions. Some counties have requested the burning of prickly pear.

All districts are requesting to graze ACP during the five month non-grazing period. This would allow the producer to continue small grains designated for cover on ACR. It would also allow the producer adequate time to plant forage crops for spring planting to be able to hay and/or graze.

There has been heavy freeze damage on the oats and wheat, probably a 75% kill on oats, with a lesser percentage on wheat. The districts continue to have cold, wet, freezing weather this week, with sleet and snow covering the ground.

District 8: Tolbert Jaynes, District Director

Good moisture was received in the area about one month ago. Pastures are greening but because of extreme cold and heat, small grain, grazing, and pastures have been stunted. Warm weather and rain now could make a big difference. If rain is not received soon, there may be a need to continue with EFP. The approval to hay and graze during the five month non-grazing period is needed since hay stocks are depleted. Stock water tanks are low.

District 9: Richard Newman, District Director

Extreme cold weather conditions have killed 75% of the oat crop and approximately 15% of the wheat crop. Moisture conditions have improved to the point that pasture conditions are expected to be near normal by April 30 and therefore, extending EFP is not anticipated. The approval to hay and graze during the five month non-grazing period is of utmost importance in the district.

District 13: Fern Bingham, District Director

Pastures in this district are looking better. The COC is requesting extensions for EFP in the southern part of the district, without a break in assistance.

Small irrigated grains look good however, dry land grains are in poor shape. All counties in the district will request to hay and graze during the five month non-grazing period.

County offices have been very busy with price support redemptions and repayments from 1987-88. Sign-ups have begun and are going well. The area needs procedure for ELS yields for FCIC on non-base farms.

District 18: David Adams, District Director

The initiation of a 1989 Emergency Feed Program is requested for the following counties: Bandera, Dimmit, Frio, Maverick, Medina, Uvalde, and Zavala. This assistance is critically needed in Dimmit, Maverick, and Zavala counties. The other counties in the district, Bexar, Comal, Guadalupe, and Kendall, are borderline and could require assistance shortly without timely rainfall.

The authority to hay and graze during the five month non-grazing period is requested for all counties in the districts as hay stocks are now depleted and pastures are in poor condition.

District 19: John Svoboda, District Director

Generally, the crop conditions in the district are good. Pond and stock water levels are low in Gonzales and Lavaca counties. Light rains have occurred during the last two days. The COC will re-evaluate the need for any further assistance.

District 20: Michael Klein, District Director

The counties inland of the district are very dry and need to have EFP, EFAP, and other emergency programs continued. Since the first of the year, Wilson County has only received 1.5 inches of rain. This is also the case with Atascosa, Goliad, Karnes, Live Oak, and Refugio counties. The counties along the coast are in fair shape but need rain soon.

District 21: Juan Garcia, District Director

All counties in the district have suffered severe soil erosion due to dry conditions and strong winds. Crops such as watermelons have been destroyed by blowing sand and are being replanted. Many producers are dry planting hoping for rains to improve moisture conditions and germinate seed. Irrigated crops in the valley area are doing well but producers have spent large amounts of money on irrigation.

In addition to the practice of burning prickly pear cacti, all counties that are currently implementing the EFP Program will request approval for the 1989 crop year. Also, all counties in the district will request emergency haying of ACR and CU for payment due to depleted hay supplies.

Throughout the district, conditions are extremely bad with rainfall needed to improve pasture conditions.

6th

Gramm seeks more drought aid

Farmers must make do with existing programs, Bush assistant says

By Jennifer Dixon

APR 11 1989

Associated Press

WASHINGTON — Sen. Phil Gramm is asking the Agriculture Department to extend emergency relief to farmers on the Texas Plains and in the Rio Grande Valley, where a drought threatens to eclipse last year's disaster.

But President Bush's special assistant for agriculture, Cooper Evans, said Monday that farmers will have to make do with existing programs, which he acknowledged

"may not necessarily be adequate" for addressing the pockets of severe drought in Texas.

"It would take legislation, and the administration is very reluctant to do that," said Mr. Evans, a former congressman from Iowa.

Mr. Evans toured the Valley last week and met with cotton farmers in Lubbock and rice farmers in Houston, but he said, "It is far too early to say we have a problem that warrants new drought legislation."

Mr. Gramm, a Texas Republican, argues that "the sooner we do it, the lower the cost and the smaller the impact."

U.S. Rep. Bill Sarpalius, D-Amarillo, said more than half of the Panhandle's winter wheat crop is gone and in some counties, losses total 80 percent.

"They've gotten a little bit of rain, but it's too late. The crop has just burned up, or insects have

Please see GRAMM on Page 19A.

Gramm seeks more drought aid

Continued from Page 17A.

come in and eaten it up," Mr. Sarpalius said. "Some farmers there are really hurt and they need some help bad."

Congress last year passed a \$3.9 billion drought relief bill, which the administration contends applies only to 1988 crops and cannot be extended to 1989 crops.

Terry Harman, executive director of the state Agricultural Stabilization and Conservation Service Committee, said that farmers in as many as 50 counties in Texas may need emergency feed assistance and that 100 counties could use emergency haying and grazing rights on land set aside for conservation.

Drought conditions are most extreme in the Panhandle and the Valley, but the Plains from Lubbock south to Midland and Odessa are also suffering, Mr. Harman said.

"Why wait for two more months to approve (emergency assistance),

to wait and see if there is any growth in the pasture, when we know there's no moisture in the soil for it to come out now?" Mr. Harman said.

Mr. Gramm said he's trying to "sensitize" the White House to the drought and "I think we're making progress . . . At this point, I'm trying to generate some support."

"The point is, we have drought conditions in some parts of the state that are much worse than they were in the national drought" of 1982, Mr. Gramm said, adding that Valley ranchers are burning the thorns off prickly pear cactuses because they have nothing else to feed their livestock.

"I believe our drought in South Texas is the worst we've had since the 1950s," he said.

Mr. Harman said the Valley's only significant rain in more than 1½ years was the 2 inches or less that came with Hurricane Gilbert.

Mr. Harman said he showed Mr. Evans "pastures (that) were totally brown and dead where they should have been green and lush at this time of year under normal circumstances."

"Certainly, the Valley is very, very dry in the land that is not irrigated," Mr. Evans said. But "the administration is not likely to do anything dramatic in the way of new assistance. The administration is very anxious to bring to bear programs that exist for assisting areas like that."

A report by the state stabilization and conservation committee indicates that because of program requirements, producers in the Valley are "dry-planting crops knowing they that they stand virtually no chance of germination. A major portion of the cotton and feed grains are affected. Wind erosion is becoming a severe problem."



OFFICERS:

- S. M. TRUE, JR.**
President
- BOB TURNER**
Vice President
- STEVEN B. BEARDEN**
Secretary-Treasurer

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STATE OFFICE: P. O. Box 2689 • Waco, Texas 76702-2689 • 817-772-9030

January 5, 1989

The Honorable Jim Hightower, Commissioner
Texas Department of Agriculture
Stephen F. Austin Building
P. O. Box 12847
Austin, Texas 78711

Dear Commissioner Hightower:

I am extremely disappointed at your press response to the European Economic Community ban of U.S. meat imports. The damage you have done to the state's \$6 billion livestock industry warrants your immediate resignation as Texas Commissioner of Agriculture.

The agriculture industry in Texas and nationally has united over the years to support expanded exports for meat and other commodities. Trade negotiations with the E.E.C. have been very sensitive due to their highly protected and subsidized domestic agricultural programs. These programs have created a surplus situation for European meat products and the hormone issue has become a scapegoat for other political considerations.

The Texas Commissioner of Agriculture should be aware of and help promote the point that no scientist - on either side of the Atlantic - has provided any evidence that current methods of hormone use provide a health hazard. In your quest to oppose mainstream agriculture to chase self-promoting political headlines, you have either ignored or misunderstood the basics of international trade policy. You have created unnecessary embarrassment and economic difficulty for livestock producers.

Your immediate resignation will provide relief to U.S. trade negotiators who must now face European counterparts now armed with supportive remarks from an agriculture official.

Sincerely,

S. M. True, Jr.
President

SMT:gh

Texas Farm Bureau, Waco, Texas
(817) 772-3030

FOR IMMEDIATE RELEASE:

WACO -- (Jan. 6) -- The president of the state's largest farm organization today called on Texas Commissioner of Agriculture Jim Hightower to resign because of what he called the "damage" Hightower had caused livestock producers through public statements about the European ban on U. S. meat imports.

S. M. True, a grain, cotton and beef cattle producer from Plainview, said in a letter Friday to Hightower, "I am extremely disappointed at your press response to the European Economic Community ban of U. S. meat imports. The damage you have done to the state's \$6 billion livestock industry warrants your immediate resignation as Texas Commissioner of Agriculture."

In a statement to the press Dec. 27, Hightower said the European Community, in opposing meat treated with growth hormones, "is not expressing the views of a group of hippies. The reality is a concern that is growing worldwide about chemicals and drugs in feed products."

Hightower said there is a "clear trend among consumers who are concerned about food."

In his letter to the Commissioner, the Farm Bureau president said the agricultural industry in Texas and the nation has united over the years to support exports for meat and other products.

(more)

"Trade negotiations with the E.E.C. have been very sensitive due to their highly-protected and subsidized domestic agricultural programs," True said.

"These programs have created a surplus situation for European meat products, and the hormone issue has become a scapegoat for other political considerations.

"The Texas Commissioner of Agriculture should be aware of and help promote the point that no scientist -- on either side of the Atlantic -- has provided any evidence that current methods of hormone use provide a health hazard.

"In your quest to oppose mainstream agriculture to chase self-promoting political headlines, you have either ignored or misunderstood the basics of international trade policy. You have created unnecessary embarrassment and economic difficulty for livestock producers.

"Your immediate resignation will provide relief to U. S. trade negotiators who must now face European counterparts now armed with supportive remarks from an agriculture official."

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TEXAS CATTLE FEEDERS ; 1- 6-89 12:31PM ;

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TCFA President Wes Bonner responded, "TCFA is disappointed that Commissioner Jim Hightower has tried to make the EEC ban a safety issue, when it is truly a trade issue. Commissioner Hightower's remarks supporting the European hormone ban as a safety concern are not supported by officials at the Food and Drug Administration or the Food Safety and Inspection Service. It is widely recognized that the EEC action is aimed at lowering a "mountain" of surplus beef which has built up because of EEC agricultural policies. Mr. Hightower has on several occasions taken a position against mainstream agriculture in Texas, and we find no support for Mr. Hightower's comments to remove the advantages offered by the application of biotechnology."

JAN 6 '89 15:53 FROM TX/SW CATTLE RAISERS

PAGE.002

ROUGH DRAFT # 1-1/6/89

OK JLP
OK JWS
OK DAK
OK SOM

Distribution

- Texas dailies
- Texas weeklies
- Texas trade media
- Texas radio stations
- Texas tv stations
- Wire Services
- Texas Cong'l delegation
- Texas Legislature
- Texas auction markets
- Others

FOR IMMEDIATE RELEASE:

TEXAS CATTLEMEN CHALLENGE
HIGHTOWER ON BEEF BAN

FORT WORTH, Texas, Jan. 6, 1989--Texas and Southwestern Cattle Raisers Association is deeply disturbed by recent statements by Texas Commissioner of Agriculture Jim Hightower in support of the European Community's decision to ban U.S. imports of beef, says Jimmie Powell, TSCRA president of Fort McKavett.

TSCRA is a 112-year-old livestock trade association representing primarily working cow/calf producers in Texas.

"Commissioner Hightower, as the elected spokesman for Texas agriculture, has seriously damaged the well-being of the Texas cattle industry with his uneducated, uninformed statements that do not reflect scientific fact," Powell said.

Hightower criticized the U.S. decision to retaliate against the EC decision, effective Jan. 1, to ban imports of meat produced with growth hormones, as reflecting "the failure of our national agricultural leadership over the last decade."

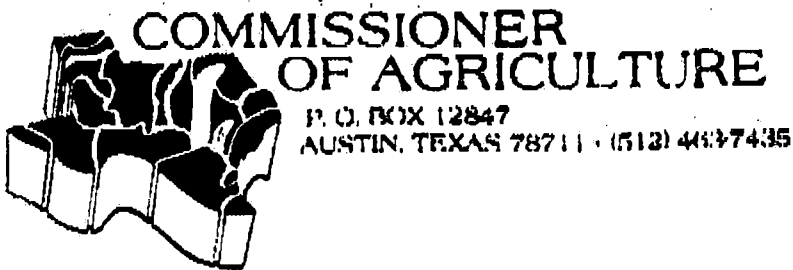
In contrast to the statements from Texas beef industry spokesmen regarding the ban, Hightower added, "There is no good guy in this--this is a health issue, not a trade issue."

Powell responded, "Consumers enjoy lean, healthy U.S. beef products that have been subjected to the most stringent inspection programs in the world. To suggest otherwise is a disservice to consumers and beef producers alike and is unbecoming of an elected agricultural official."

Powell said Texas cattlemen understand that the European Community's decision to ban U.S. beef imports is a politically-motivated trade issue which the Congress and the Administration rightfully have chosen to challenge.

"Commissioner Hightower's ill-advised and irresponsible statements support our members' recorded position that the industry would be better served by a Department of Agriculture whose leadership has practical experience in agriculture," Powell said. "We endorse recent studies by the Texas Legislature that recommend that the Commissioner of Agriculture be replaced by an appointed commission with an appointed, well-informed agriculturist as its executive director."

TSCRA



January 9, 1989

Mr. S. M. True, Jr.
President
Texas Farm Bureau
P.O. Box 2689
Waco, TX 76702-2689

Dear Mr. True:

I have received your letter dated January 5, 1989 and have been apprised of your press statements concerning my position on the European Economic Community ban of hormone-treated meat. I am very disappointed that you reached a conclusion without first having the courtesy to contact me or my staff. As you are well aware, press reports often present an incomplete, if not inaccurate representation of positions taken on complex subjects. Had you taken the time to call us, you could have avoided your counterproductive remarks.

I have never said nor do I now contend that the Europeans are right. We are well aware that the Europeans have in the past and continue to erect arbitrary barriers to American products. What I have said is that this particular trade war represents a failure of U.S. agricultural and trade policy. The Administration's approach promises to needlessly injure innocent bystanders as other agricultural commodities and businesses are caught in the crossfire of retaliatory and counter-retaliatory measures.

There are evident consumer concerns on both sides of the Atlantic on chemicals and drugs in foods. Texas producers must be positioned to take advantage of market opportunities. The interest of European consumers in buying hormone-free meats represents one such opportunity.

If this hormone ban is solely a trade barrier, then we'll find out. I'm calling the Europeans' bluff. TDA is currently negotiating with EEC representatives on behalf of Texas producers to determine if EEC buyers will purchase hormone-free beef from Texas. This will put the good faith of the EEC to the test and may well open new markets for our cattle industry.

My International Marketing staff is already working to assist any Texas producer who has lost a European market because of the ban. TDA staff have considerable experience in finding markets for beef and variety meats in countries like Japan, Mexico, and Egypt.

S. M. True, Jr.
Page Two

S. M., it is the Reagan Administration who has abandoned Texas farmers and ranchers with its rigid ideological insistence on eliminating all farm support programs as the U.S. position in the GATT negotiations. Unfortunately, they have now caught our beef industry, and perhaps others in the crossfire.

If you are serious about protecting the interests of Texas livestock producers, I urge you to join me in finding meaningful solutions to these difficult trade issues.

Best regards,


JIM HIGHTOWER

JH:jvc

**NEWS**

From
**TEXAS
FARM BUREAU**

Contact Bill Hoover, Director of Information
P. O. Box 2689 • Waco, Texas 76702-2689 • Phone 817-772-3030

1/27/89

FOR IMMEDIATE RELEASE:

WACO -- Texas Commissioner of Agriculture Jim Hightower's proposal to sell "specialty beef" to Europe is nothing but a publicity stunt, the president of the Texas Farm Bureau charged Friday.

"It's his way of trying to soothe the wrath of cattlemen," S. N. True, cotton, grain and cattle raiser, said in response to Hightower's announcement at a news conference Thursday in Austin.

"Hightower's support for the European Community's ban on imports of U.S. beef is based on fraud," True said. "As Commissioner of Agriculture, Hightower should be the first to know that there is absolutely no evidence of a health hazard in hormone use."

True called the ban by the European Community "merely a smokescreen."

"They have a surplus of beef and are using this as a trade barrier," he said. "They, too, know there is no health hazard."

The Texas farm leader said the U. S. position opposing the EC's ban on U. S. beef is correct.

"It's correct on the basis of domestic law, it's correct on the basis of international trade, and it is correct on the basis of scientific evidence," he said.

(2)

True described Hightower's plan for his agency to sell hormone-free beef to Europe as a "pipe dream."

"Only the federal government can issue meat export certificates," he said. "Beyond technicalities, for beef to be so certified, a government inspector would literally have to stay with a herd full-time."

True said inspections of animals cannot determine whether any hormones detected were administered by man, or manufactured by the animal itself.

"There is simply no way to distinguish meat from animals that were administered U.S.-approved hormones, from meat from animals that were not," he said.

"The tragedy of the present controversy -- which was engineered by Hightower -- is that the Texas Commissioner of Agriculture, by law, is supposed to be an advocate of agriculture, not an enemy. While pretending to be a friend, he is, in fact, causing terrible damage to the beef cattle industry."

Hightower dares U.S. to stop beef deal

AMERICAN STATESMAN

C-1

From Staff and Wire Reports **DATE 1 2 AM**

Brushing aside warnings from federal officials, Texas Agriculture Commissioner Jim Hightower on Thursday continued his push to sell hormone-free Texas beef to a European Economic Community that has banned the import of such meat from the United States.

Hightower said Texas Department of Agriculture staff members have already met with EEC trade officials in Washington and Belgium.

The TDA, which has identified Texas producers of hormone-free beef, is bringing together EEC buyers and Texas sellers to determine a "feasible" price, he said.

"We have found a willingness on both sides of the Atlantic to deal," Hightower said. "We've asked for serious offers from serious meat importers to buy Texas beef, and we have them — from Denmark, Ireland, London, Holland and elsewhere."

But in Washington, federal trade officials said Hightower will never get his beef to Europe.

"It's not going to happen," vowed Roger Bolton, a spokesman for the U.S. trade representative's office.

All meat exports must be inspected and certified by the USDA, Bolton said, and federal law requires it meets the standards of the importing country, whether the country of destination insists on it or not. Because there is no test to verify that cattle have never been given hormones, it is impossible for the USDA to grant such a hormone-free certificate, Bolton said.

"This means Hightower can't do what he

wants to do, if it is to certify the meat for export to the European Community," Bolton said. "The European Community has been told this. There is no purpose to such negotiation."

Hightower disagreed.

"We see no legal ability for them to stop it unless they impose a formal embargo," he said at a news conference in Austin. "We're taking a states' rights position. If Ollie North can go run a private war with the applause of the administration, why are they getting in
See Beef, C8

Beef From C1

the way of a few cattlemen who want to make a sale to our very best customers?"

An EEC veterinarian is in Austin now to brief ranchers, feedlot operators and meat packers on European inspection standards, he said.

And, if the federal government does not cooperate, the EEC will send an official to Texas as early as next week to discuss details for inspection, Hightower said.

"If USDA is unable or unwilling to enter into this protocol, then the EEC has asked TDA to consider being the certifying agency for Texas," Hightower said. "We prefer that USDA play that role. If it appears to us that this is the only course to facilitate sales, we will

consider it."

Ella Krucoff, spokeswoman for Sir Roy Denman, head of EEC delegation in Washington, said the EEC was in "active contact with the state of Texas. We are interested in maintaining the trade; we want that trade to be in hormone-free meat."

The European Economic Community has banned imports of U.S. beef and beef products because the meat, worth about \$100 million in sales, contains growth hormones the EEC says are a health threat. The United States disputes those claims, and retaliated by setting about \$100 million worth of higher tariffs on a variety of Common Market products.

"U.S. negotiators have tried to

present the European Community standards as nothing but a trade ploy to cut the U.S. out of its market," Hightower said. "Maybe so, but why not find out. It's like a poker game. European negotiators put some chips on the table and said 'meet our standards or fold.' Our team was bluffed and our team folded right then and there. Why not up the ante by saying, 'OK, we have beef that meets your standards so buy it?'"

This story was taken from reports by Austin American-Statesman correspondent Doug Perkins and the Associated Press.

Hightower predicts 'blood war' over agency

DALLAS MORNING NEWS

MAR 10 1989

By David Hanners

Staff Writer of The Dallas Morning News

P. 1A

Texas Agriculture Commissioner Jim Hightower warned Thursday that a "full-fledged blood war" looms in the legislative fight to keep his job and his agency alive.

Even if lawmakers renew the Texas Department of Agriculture's lease on life by extending it under the state's Sunset Act, Mr. Hightower said he believes that the extension will be vetoed by Gov. Bill Clements, who has said the agriculture commissioner should be appointed by the gover-

nor.

The Senate Natural Resources Committee gave Mr. Hightower a victory Wednesday by voting 9-0 to extend the agency's life. But the two-term commissioner said the chemical industry's lobby — with which he has clashed repeatedly over pesticide regulations — has more influence in the Texas House, so the battle in that chamber "is going to be tough."

"We take this very seriously," Mr. Hightower told *The Dallas Morning News*. "We will have a full-fledged blood war on the

floor of the House ... but I think we will win. But Clements could veto it."

The state's Sunset Act requires certain state agencies to go before the Legislature every 12 years to justify their continued existence. While most sunset reviews are routine, the review involving the agriculture department has turned into a pitched political battle between Mr. Hightower, a self-styled populist Democrat, and Mr. Clements, a Republican.

Mr. Clements' spokesman, Reggie

Please see HIGHTOWER on Page 7A.

Continued from Page 1A.

Bashur, refused to say on Thursday whether the governor would veto a bill to extend the agriculture department's life. Such a veto could kill the agency, which has over 670 employees and an annual budget of nearly \$20 million.

"It is an issue the Legislature is discussing, considering, reviewing and studying," Mr. Bashur said. "We will watch as the legislative process unfolds and the bill works its way through the system, and the governor will do what is in the best interest of all the people of Texas."

Some political leaders said they believed that Democrats had enough votes in the House to pass a bill extending the agriculture department's life and keeping the agriculture commissioner's job an elective one.

But the agency's future would still be up to Mr. Clements. He could sign the legislation into law, or ignore it, in which case it would automatically become law after 10 days.

Or he could veto it. Such a veto could kill the agency, and it would require a two-thirds vote of both the House and Senate to rekindle the agriculture department.

Timing could play an important role. If the bill is sent to the governor within the last 10 days of the session, which is scheduled to end May 30, Mr. Clements will have 20 days in which to act on it. If he vetoes it after legislators have gone home, then they will have no opportunity to override the veto.

The last major state agency to die as a result of a sunset review was the Health Facilities Commission in 1985, said Bill Wells, director of the Sunset Advisory Committee.

As Mr. Hightower took his campaign to newspaper editorial boards Thursday, forces on both sides of the issue continued their attack. The Texas Farm Bureau, which has rarely sided with Hightower, has scheduled a special meeting for March 20 so its delegates can vote on whether they want an elected or appointed agriculture commissioner.

The delegates voted at their annual meeting last December to keep the post an elective one. The vote came at a time when it was widely thought that Mr. Hightower planned to challenge Republican U.S. Sen. Phil Gramm in 1990.

But Mr. Hightower announced in January that he would instead run for a third term as agriculture commissioner, a post to which he was first elected in 1982.

Vernie Glasson, the Farm Bureau's head of public affairs, said Mr. Hightower's decision to seek re-

election was one the factors that led the organization's leadership to call for another vote on the matter of an elected-vs.-appointed agriculture commissioner.

But Mr. Glasson said the debate isn't as much a matter of personalities as it is a question of how best to manage the agriculture department.

"We don't want to do away with the agency, and I don't know we want to eliminate an elective position," Mr. Glasson said.

"There's a lot of discussion being led by a number of different groups ... about a number of ways to administer the Department of Agriculture," he said. "Is there a better way, and if not, we will continue to support the elected commissioner."

Mr. Hightower, known for his homespun humor and fiery speeches, said that those who favor an appointive agriculture commissioner are wrong.

"I've never seen an agency improve by the head of it being appointed rather than elected," Mr. Hightower said. "I think we can look at the insurance board and the Public Utilities Commission and see that."

Ed Martin, executive director of the Texas Democratic Party, said he believed that the Texas Department of Agriculture would emerge from the Legislature virtually unscathed and that Mr. Clements would not kill the agency by vetoing the Sunset extension bill.

"Whether he (the governor) wants him appointed and no matter how he feels on pesticides, it's too irresponsible to eliminate an agency over a personality fight," Mr. Martin said. "The agency touches too many Texans' lives to act that irresponsibly."

Mr. Hightower claims the battle against him is being led by the chemical lobby, a charge members of the lobby deny. John Fisher, a spokesman for the Texas Agricultural Chemicals Association, said that while his organization was concerned about "politicization" of the agriculture department's pesticide programs, they weren't necessarily out to get Mr. Hightower.

"We advocated holding up the sunset bill and trying to develop a consensus for pesticide regulation," Mr. Fisher said. "Let's have the folks who perceive an interest in this sit down and, personalities aside, try and develop a consensus on how pesticide regulation ought to be handled."

Tightening the regulation of the use of pesticides and other agricultural chemicals — long unregulated in the state — has been one of

Mr. Hightower's most visible undertakings since taking office.

"We'd like to take the politics out of pesticides," Mr. Fisher said. "You can have a very strong, substantive program without the emotional brow-beating that goes on at TDA."

Mr. Hightower sees things differently.

"The real effort is to dilute, to weaken the pesticide protections in the state," he said. "The chemical lobby wants (regulation of) pesticides in the water commission or an independent agency."

Mr. Hightower said that while he expects Mr. Clements to veto any bill keeping the agriculture department alive and his job an elective one, the legislative leadership — particularly House Speaker Gib Lewis and Lt. Gov. Bill Hobby — see it differently.

"Their view is that Clements ... won't veto it, and they're basing it on logic, which I think is the flaw in their argument."

Said Mr. Hightower of Mr. Clements: "This is a guy who's not too tightly wrapped on his best days."

Leave Hightower alone

THE TEXAS COMMISSIONER of agriculture, Jim Hightower, is fighting for his political life in asking the Legislature to keep his job elective and not appointive. But his battle goes far beyond his own career. The people of Texas, both farmers and consumers, have a big stake in keeping an independent department to promote agriculture and to protect the public from poisonous chemicals.

The Senate Resources Committee voted 9-0 to allow the Department of Agriculture to continue operations under an elected commissioner and to keep its oversight over the use of pesticides. The full Senate and House have yet to consider the issue. The current review of the department is part of the Sunset Advisory Committee's regular analysis of state agencies.

The Sunset committee did not recommend making the agriculture commissioner a gubernatorial appointment nor suggest some other agency should regulate the use of pesticides. But Gov. Bill Clements has said repeatedly that he wants to abolish Mr. Hightower's elected job and a number of lawmakers have agreed.

Mr. Hightower this week told the Senate Natural Resources Committee that the state's chemical producers are behind Gov. Clements' move to abolish the elected commissioner's position. He said the move is not really an attack on him, but "an attack on the people of Texas, the people's right to

vote and the people's right to be protected from pesticide poisoning."

Mr. Hightower, elected to a second term in 1986, has supported regulations that were opposed by the chemical industry, including one that requires farmers to notify their neighbors before spraying pesticides and another that prohibits farm workers from entering sprayed fields until the pesticides are no longer dangerous.

The Agriculture Department is the only state agency which is not protected by the Texas Constitution. It was created 82 years ago with the help of Rep. Sam Rayburn, who eventually became the revered speaker of the U.S. House. But the department could be destroyed or significantly altered by legislative action.

Agriculture remains a highly important part of the Texas economy. Commissioner Hightower has spent six years helping producers and consumers.

He has sponsored diversification plans, promoted new processing capabilities, made pesticide use safer and found new, more efficient ways to use our soil and water without doing them violence.

The Texas Legislature ought to endorse the recommendations of the Sunset Commission so the Agriculture Department will not be put out of existence.

And lawmakers ought to act early so they can override a possible veto by Gov. Clements.



Hormone-treated beef risk-free

By Rodney L. Preston, Ph.D.
Special to the American Statesman

On Jan. 11, the European Economic Community banned the importation of all beef raised with growth hormones. The EEC officials contend that such beef, of which the United States is the largest world exporter, is unsafe.

Such a ban by a European country will no doubt provoke some concern by the American beef consumer. Although this concern merits attention, it should be met with facts — not alarm.

The contention that U.S. beef is unsafe was made by the EEC shortly before its own Scientific Risk Assessment Committee concluded that absolutely no risk was involved with the consumption of the beef. The U.S. Food and Drug Administration, which must approve all products used in the production of beef, also has found the use of growth promotants in cattle to be risk-free.

Growth promotants, growth hormone-type products, have been used since 1954 in one form or another by the U.S. cattle industry. During this 35 years of use, no risk has been demonstrated to either the cattle or the humans consuming the beef from cattle treated with these products.

The growth-promoting products used are exactly the same substances as those found in nature and similar to the hormones produced by humans. Most of the growth products are similar to the female hormone estrogen. These hormone-like materials have been part of our diet long before their use in cattle. Meat, milk, eggs, peas, cabbage, alfalfa sprouts, wheat germ and soybean oil are a few examples of foods that have hormonal activity naturally present.

The amount of estrogen hormone actually ingested by consuming beef from growth hormone-treated cattle is very small. For example, a male child produces about 40 micrograms — or 40 one-millionths of a gram — of estrogenic hormone each day. A pregnant woman produces 20,000 micrograms daily. The maximum amount of estrogen hormone that one might consume in 8 ounces of beef from growth hormone-treated cattle would be .004 of 1 percent of the estrogenic hormone produced daily by a male child. Furthermore, only about 10 percent of this amount is actually absorbed.

Public forum



The growth-promoting products used are exactly the same substances as those found in nature.

makes beef more appealing to consumers because it is leaner.

Even though consumers benefit from the use of growth promotants in cattle production and the European Scientific Risk Assessment Committee and the FDA have declared the consumption of the beef to be risk-free, some people still will ignore the facts and consider the use of these products to be a safety issue.

The EEC has no scientific evidence to validate its claim that the use of growth promotants in U.S. beef production is an unsafe practice. In reality, the ban is simply a barrier to free trade, a ban to protect the EEC-subsidized agricultural industry.

Preston is a Thorton professor of animal science at Texas Tech University. He directs feedlot research at Texas Tech's Burnett Center for Cattle Research and Instruction.

The FDA requires long and detailed tests to assure that the products are effective and safe. The test research may cost \$8 million to \$10 million before a product is finally approved. Once products are approved, random testing by research groups assures that these growth promotants are used correctly.

The use of growth promotants has been a very important research area at Texas Tech University for more than seven years. Graduate students and professors have been doing detailed studies on growth promotants' mode of action, and once we understand how these materials biochemically work, we will be able to develop more effective ones in the future. In fact, research is underway on an improved growth promotant that is now in the field-testing stage.

These products are used in beef cattle production primarily because of the economic benefit to cattle feeders. The use of growth hormones decreases the cost of beef production by \$17 to \$20 per head of cattle.

Products currently used by the beef cattle industry result in improvements such as: The rate of gain is increased 8 to 20 percent; the feed required per unit of gain is decreased 5 to 12 percent; lean meat production is increased 8 to 12 percent; and fat production is decreased 6 to 10 percent.

Consumers have benefited over the 35 years that these products have been used. Because of the lower cost of production, the price of beef has been 3 to 4 cents per pound less than the cost of cattle produced without the use of these products. The use of growth hormones in cattle production also

200 Texas cows going to Thailand

HOUSTON CHRONICLE

FEB 22 1989

By NELSON ANTOSH
Houston Chronicle

P.17A

Move over, water buffaloes — a herd of Texas cows is headed for Thailand.

A trio of buyers from Bangkok is gathering about 200 of the Indu-Brazil breed, enough to fill a chartered 747 out of Houston.

They stopped Tuesday at the Houston Livestock Show to check out the unusual animals with big humps on their backs and long, floppy ears before heading today to South Texas and the Lower Rio Grande Valley.

Ranchers from Thailand also purchased cattle here last year and have become some of the better buyers of breeding stock, according to the Houston Livestock Show and Rodeo's International Committee.

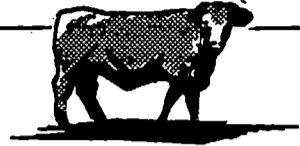
More and more, Thais are switching from water buffalo to cattle for red meat supplies. They got Brahman from the Philippines 15 years ago and some Thais are now sizable ranchers.

The cattle graze on natural grassland, said Prasit Sri-Utharawongsa, managing director of Antech Co. Ltd., a cattle trading company in Bangkok.

The preference is for Indu-Brazil, even more extreme in their characteristics than Brahman. Thais like the longer ears and prefer white and gray, said Sri-Utharawongsa. Primarily they are purchasing heifers, young females.

The buying mission started about a week ago in northeast Texas. Locally, the group has gone to the Ponder Farm in Dayton and the Detering Ranch in Hempstead.

Stock show calendar



Here is a schedule of events at the Houston Livestock Show and Rodeo:

TODAY

7 a.m. — Guernsey Cattle Show. Cattle Area.

7 a.m. — Youth Breeding Rabbit Show. Rabbit Pavilion.

7 a.m. — Brahman Cattle Show (Females). Cattle Arena.

8 a.m. — Quarter Horse English, Amateur and Reining Classes. Astroarena.

8 a.m. — Open Breeding Sheep Show (Southdown, Dorset, Montadale, Hampshire, Shropshire). Sheep Arena.

8:30 a.m. — Holstein Cattle Show. Cattle Arena.

10 a.m. — Spinning Demonstrations. Llama Arena.

10 a.m. — Spinning Demonstrations. Sheep Arena.

Noon — Junior Dairy Show (Brown Swiss and Jersey). Cattle Arena.

2 p.m. — Registered Range Bull Sale. Auction Sale Ring.

2 p.m. — Polled Hereford Cattle Show. Cattle Arena.

2, 3, and 4 p.m. — Pig Races. Swine Arena.

6 p.m. — Spinning Demonstrations. Llama Arena.

6 p.m. — Spinning Demonstrations. Sheep Arena.

6 p.m. — Blonde d'Aquitaine Cattle Sale. Super Sale Salon.

7 p.m. — Special Feature Act. Cattle Arena.

7:45 p.m. — World's Championship Rodeo. Featuring Cheap Trick. Astrodome.

They will probably pay about \$250,000 for the cattle, said Dwight Roberts, a Texas Department of Agriculture employee.

And, freight forwarder Orlando Puig of Houston Export International estimated, the shipping will cost \$215,000.

In livestock show competition Tuesday, youngsters successful in last year's rodeo calf scrambles returned to compete in the show ring. They didn't keep the calves they caught, but got \$600 certificates to-

ward purchase of registered animals.

The winners among those who selected dairy calves were Anthony Eilers of Commerce, first place in the Guernsey breed; Jennifer Penn of Lufkin, Brown Swiss; Chad Steinberger of Archer City, Holstein; and Kerri Norwood of Greenville, Jersey.

Steinberger's Holstein was selected grand champion of the dairy entries and Penn's Brown Swiss the reserve.

Texans have a good beef with Hightower

DALLAS TIMES HERALD FEB 20 1989

THE EUROPEAN ECONOMIC Community recently banned American beef from entering the European market, claiming that our cattlemen's use of hormones to fatten beef was a health threat. Most observers believe that this so-called health issue was just an excuse manufactured by the Europeans to keep American beef out of their markets in order to protect their own local producers. Moreover, there is no credible scientific evidence to support the view that American beef contains any harmful chemicals.

It didn't take long for Texas Agriculture Commissioner Jim Hightower to jump into the middle of this controversy in his self-appointed role as the "Texas trade representative" to the EEC.

Initially, Hightower appeared to side with the Europeans in their professed concern over the "health" threat from hormone-treated beef. Needless to say, Commissioner Jim's uninvited intervention in this messy dispute provoked a firestorm of criticism from Texas farmers and ranchers understandably concerned that this phony health issue could generate a widespread panic among American consumers of beef.

Within days, Texas farmers — already fed up with Hightower's headline-hunting antics on other issues during his tenure in office — had called a meeting of the Texas Farm Bureau for March 20 to discuss throwing the bureau's support behind a bill in the Texas legislature to abolish the office of agriculture commissioner as an elected position.

Well, that sure got Commissioner Jim's attention. Hightower quickly did a little backpedaling, claiming that he didn't mean to suggest that the Europeans were right in their concern over the use of hormones in the fattening of American cattle and that all he was trying to do was to reopen European markets to American beef.

If that is the case, one wonders why Commissioner Jim didn't work with our designated trade representatives on this idea in the first instance before running off on his own. And did he ever bother to ask the advice of the Texas Farm Bureau and the Texas Cattlemen's Association on his proposal before entering into direct negotiations with the European Economic Community?

Let's be frank — the real purpose of this European trade ploy was an attempt to reduce their own surplus of beef at our expense by erecting trade barriers. The hormone issue was just an excuse to keep American beef out of their markets. Our trade representatives let the EEC know that two can play that game, and we retaliated by slapping tariffs on certain European products coming into the U.S. market. Since neither action serves any

useful purpose, I suspect that both sides were looking for a graceful way to resolve this dispute, when along comes Commissioner Jim and puts himself right in the middle of the controversy.

It is not as though Hightower has any great expertise in the field of agriculture. The closest he has ever come to being a farmer or rancher is having a garden in his backyard. As State Rep. Sean Schlueter has described him, Hightower is a "guy who bought himself a big cowboy hat and a pair of boots, called himself a farmer and rancher, and got himself elected as commissioner."

Most of his adult life has been spent in promoting left-wing causes, ranging from his participation in the anti-Vietnam War protest movement to his stint as the editor of the liberal publication, *The Texas Observer*, which position Hightower used to attack a variety of corporations.

Recently, Commissioner Jim announced that he would not run for the U.S. Senate against Sen. Phil Gramm next year. Instead, he would concentrate his energies on rebuilding the "progressive" (translation: left-wing) political alliance here in Texas.

From what I hear, Hightower's decision not to run against Gramm disappointed a lot of Texans who figured that, one way or another, they were finally rid of this guy.

There is an old Texas expression which seems to fit our current Texas commissioner of agriculture: "Big hat, no cattle." The best thing that may come out of Hightower's latest publicity stunt is that Texas farmers and ranchers will finally get serious about returning Commissioner Jim from office either by abolishing his post or defeating him at the ballot box next year. Then we might get a real farmer or rancher as our Texas commissioner of agriculture for a change.

Tom Pauken, a Dallas businessman, was formerly director of ACTION.

Let's breathe cleaner air

DALLAS TIMES HERALD FEB 20 1989

HARDLY ANYONE WOULD disagree with Texas Land Commissioner Garry Mauro's environmental assessment: "Americans don't want to breathe air they can see, smell and taste." Mr. Mauro and a new coalition, Clean Air Texas, are doing more than talking about dirty air. They are backing bills in the Texas Legislature which will reduce pollution.

The proposed legislation, contained in two bills, requires the conversion of thousands of state vehicles, school buses, private fleet vehicles and mass transit coaches to clean-burning compressed natural gas or another alternative fuel. The second bill prohibits the use of fuel oil in utility and industrial boilers between April 15 and Oct. 15 each year in areas with high levels of dirty air.

Although converting vehicles to natural gas will require an investment by public agencies and private companies, Mr. Mauro is confident that they will gain in the long run. Burning compressed natural gas reduces fuel costs by as much as 60 percent and cuts maintenance costs by more than half, he says, all while dramatically reducing carbon monoxide, hydrocarbon and particulate emissions.

Under the Clean Air Texas proposals, at least 30 percent of state and transit fleets would have to run on an alternative fuel by

Sept. 1, 1994, as would 30 percent of all school buses in districts with more than 50 buses; 50 percent by Sept. 1, 1996, and 90 percent by Sept. 1, 1998.

The proposals are important to all lovers of clean air, but the fuel switch would be particularly important in the Dallas-Fort Worth region and other metropolitan areas which have failed to meet minimum health-based air quality standards established by the U.S. Environmental Protection Agency.

The continued use of dirty fuels is senseless in a state with the clean-burning alternative of compressed natural gas. Texas is fortunate in having an ample supply of natural gas, sitting on 26 percent of the reserves in the lower 48 states. And studies have shown that increasing the use of natural gas by 1 trillion cubic feet would create between 50,000 and 100,000 jobs over five years.

The clean air coalition includes the Sierra Club, Texas Independent Producers and Royalty Owners, the Texas Consumer Association, Public Citizen and the natural gas industry. They are united in a resolve to breathe new life into the Texas economy by attacking air pollution. That is a win-win program and it deserves legislative approval.

Continued from "State Lottery ..."

A growing number of states have tried to drum up political support for the game by targeting its proceeds for schools, but MacManus said that approach has its land mines.

For example, she said, local school districts in states with lot-

teries are having difficult times persuading voters to back bond issues for school construction because of perceptions that lotteries are producing plenty for education.

"The strategy has changed," Wilson said. "But the arguments are the same."

Hightower gets ready to ship^{PCS} beef overseas

FEB 21 1988

By Michele Stanush
American-Statesman Staff

Texas Agriculture Commissioner Jim Hightower, encouraged by new developments in the U.S. trade dispute with the European Economic Community, said Monday his department is helping Texas cattle producers prepare to feed the European market with hormone-free beef if the ban against U.S. meat is lifted.

"We're reaching out to those Texas producers who want to enter into this market and to help them make these deals," Hightower said. "We're (also) asking the Europeans to get back to us in terms of prices. Our office is trying to negotiate directly between European buyers and Texas producers."

U.S. and EEC trade officials agreed Saturday to set aside 75 days to work out a compromise in an escalating trade war that started Jan. 1, when the 12-nation European Community banned the import of U.S. beef treated with hormones. The United States retaliated with tariffs on European products, and the EEC was to meet Monday to consider countering with tariffs on other U.S. products.

The Bush administration has been trying to develop closer ties with European allies, and federal officials have feared the trade dispute will aggravate tensions.

During the 75-day cooling-off period, during which an impartial panel will consider the dispute, Europe will allow the import of some hormone-free beef from the United States.

Hightower said he expects to know within a week how much beef can be exported during that period. Federal offices were closed Monday and officials could not be reached for comment. Some hormone-free beef is already being produced in Texas and other states for health-food and specialty markets.

Hightower said he was pleased that the Europeans agreed to consider an American demand that a panel of experts be established to study whether or not hormone-injected beef poses a health hazard.

Many cattle producers, however, are convinced that the Europeans are using health as a smokescreen to keep U.S. beef out of a market saturated with European beef.

"They're not going to find anything different than they've already known, and the issue will continue to be a trade issue," said James Powell, president of the Texas and Southwestern Cattle Raisers Association.

Powell also predicted that extra costs involved in producing hormone-free beef would boost prices. "We're going to price the products so high, the consumer will not be disposed to purchase much of it," he said.

Based on European guidelines to verify that meat is hormone-free, Hightower's office devised a system that would isolate cattle from birth to slaughter, test for artificial



Jim Hightower says he is pleased by the outcome of the weekend talks.

hormones, and establish enforcement rules. Hightower said he assumes some sort of verification system will eventually be approved by U.S. and European negotiators.

During the weekend negotiations, the EEC also indicated it would consider doubling its annual quota for high-grade, or primal cuts. Most of the beef imported from the United States is in the form of "varietal" cuts, such as tongues, kidneys, liver and sweetbreads, which represent about 6 percent of saleable meat per head.

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Mauro pushes clean air bills, delays attorney general race

P 7-A
FEB 21 1989

By **BRUCE DAVIDSON**
Express-News Political Writer

Although he says he is running for attorney general, Texas Land Commissioner Garry Mauro is concentrating on pushing a tandem of clean air bills through the Legislature.

"I know for a fact I'm going to announce (for attorney general) in June, but I don't want to politicize the substantive issues I'm working," Mauro said Monday in an interview with the Express-News editorial board. The Democrat has not announced formally as a candidate.

Mauro has been touring Texas to promote two bills to increase natural gas use in bus and large vehicle fleets, as well as industrial and utility

boilers around Texas. Increased natural gas use, Mauro says, mean jobs and cleaner air.

"As soon as the session's over I'm going to announce and start campaigning hard," Mauro said.

Meanwhile, the race for the 1990 Democratic attorney general nomination is heating up. Houston lawyer John Odam has scheduled an eight-city tour this week to announce his candidacy formally.

Odam, once an aide to former Gov. Mark White, already has visited all 254 Texas counties in preparation for the campaign. He will make his formal announcement in a two-day tour to eight Texas cities, including San Antonio.

San Antonio State Rep. Dan Mo-

rales, also an unannounced candidate for attorney general, this week opens the Austin headquarters of his exploratory campaign in the offices of political consultant George Shipley.

Mauro said Monday, "The fact is both of them are going to be running for the first time statewide. I've been involved in statewide campaigns 16 (or) 17 years."

In his meeting with the Express-News editorial board, Mauro focused on two bills in the Legislature.

One bill would require that thousands of state vehicles, school buses and private fleet vehicles be converted to compressed natural gas or another clean-burning fuel over a 10-year period.



Garry Mauro to run hard when Legislature ends.

The second bill would prohibit fuel oil use in industrial boilers between April 15 and Oct. 15 each year in areas that fail to meet minimum air quality standards set by the U.S. Environmental Protection Agency.

Confiscated materials link inmate, murder-for-hire scheme

SAN ANTONIO (AP) — Investigators on Tuesday pored through materials confiscated from the prison cell of a convicted burglar whose alleged murder-for-hire hit list included a federal judge, prosecutors and his former attorneys.

Officials in San Antonio and New Jersey say they have thwarted the first of at least 12 murder-for-hire plots allegedly being planned by Kevin Veschi, 23, of San Antonio.

Veschi is serving a life sentence

for burglary and three 20-year sentences on attempted capital murder, aggravated robbery and burglary on January 1988 convictions and plea bargains.

"I think he's spineless, but I think he can recruit others to do his handiwork for him," Bexar County District Attorney Fred Rodriguez said Tuesday.

The San Antonio *Express-News* reported Tuesday that the death plot allegedly was being planned by Veschi and that after state District

Judge Ogden Bass of Angelton signed the search warrant, Veschi was moved from his isolation cell at the Texas Department of Corrections Ramsey Unit 1 in Rosharon.

Investigators then looked for letters, photographs and other correspondence, including insurance brochures, that would link him to the alleged murder-for-hire scheme, the newspaper reported.

Rodriguez said information could be found to charge Veschi with solicitation of capital murder.

Among those reportedly on the list were:

- U.S. District Judge H.F. "Hippo" Garcia, who is presiding over a \$520 million lawsuit filed by Dean against Rodriguez and 12 other defendants.

- Associate Justice David Bercheltmann of the Texas Court of Criminal Appeals, who, as a state district judge, presided over Veschi's trials and sentenced him to prison.

- Attorney Michael J. Sawyer, who formerly represented Veschi and in 1987 fought off a gunman sent by Veschi to kill him.

- Bexar County Assistant District Attorney Ed Springer and former prosecutor Mike Granados, who investigated and prosecuted Veschi.

- Attorney Williams "Bill" Reece, Veschi's former attorney who arranged a plea bargain for Veschi, who now claims the attorney deceived him.

Clements could draw a bead on Hightower's job

Sunset legislation to continue the existence of the Texas Department of Agriculture, with an elected commissioner still at the helm, is expected to easily clear the Texas Senate on Thursday. And the bill is expected to win a majority in the House of Representatives as well.

But the agency's fate is clouded by Gov. Mark Clements, who may veto its continuation as a means to knock off elected Democratic Agriculture Commissioner Jim Hightower.

Clements isn't saying whether he cares much about making the job appointive to the Sunset Act legislation that retains the elected post.

"The governor's going to wait until the votes through the Legislature, and then make his decision," said press aide Reggie Dur.

The governor's staff says Clements wants to try to get a sense of what the public prefers. One aide predicted that the issue over the matter could produce one of the biggest battles of the legislative session.

Texas and Southwestern Cattle



Dave McNeely

Raisers Association, the Texas Chemical Council, and segments of the Republican Party want to cut short Hightower's political career for a variety of reasons.

Some big ranchers and farmers hate him for taking over their pet agency. The chemical boys detest his stiffer regulation of pesticides to protect farm workers and people who eat agricultural products. The Republicans hate him on general principles.

But if they plan to make a public show of hitting Hightower, they'd best not expect him to turn the other cheek. If experience is any guide, he will hit back at least as hard. That's what the chemical boys found in 1985 when they tried to take away Hightower's ability to regulate pesticides.

The department and Hightower's elected position as its chief are as vulnerable

as they will ever be this legislative session. Since the department is up for Sunset review, it must have a positive vote by the Legislature to stay in existence.

Clements said two years ago that he agreed with a Business Development and Jobs Creation Task Force he had appointed, which said the agriculture commissioner should be appointed. But a bill to make the position appointive never got out of a House committee.

Clements' staff said before the session that he no longer was intent on changing the office's status. But that was before Hightower announced in January that he was shelving plans to run against Republican U.S. Sen. Phil Gramm in 1990.

When Hightower instead announced he would seek re-election, and planned to use his position as the nucleus for a progressive populist political network, his opponents put back on the front burner their resolve to drive a stake through his political heart by removing his podium.

Leaders of The Texas Farm Bureau Federation, which earlier had endorsed keeping an elected commissioner, apparently

are set to reverse themselves Monday, when they meet in Waco.

They argue that Hightower's small-farmer and consumer-oriented agricultural policy doesn't accurately represent the state's agricultural community. They also say that the elected agriculture commissioner is now chosen primarily by urban voters.

They maintain that agricultural interests would be better served by having the governor appoint members of an agricultural board from various regions of the state and having the board choose a commissioner.

The elected agriculture commissioner was established in 1907 by state law, rather than by the Texas Constitution, like other statewide officials. Thus, the Legislature could abolish the position by majority vote of both houses.

Efforts to do so in 1985 and 1987 never got off the ground. But now, Clements could accomplish that by vetoing the Sunset bill continuing the department's existence.

If Clements vetoed the bill and survived

having his veto overridden by a two-thirds vote in each house — a fairly good bet with 57 Republicans in the 150-member House — the governor could then call the Legislature into special session to re-establish the department.

He could ask for an administrative board, appointed by the governor from regions of the state, which in turn would pick an executive director to run the agency.

There are some in the governor's office who think that is the proper thing to do. But they fear the political backlash. They warn that whatever negatives Hightower may have accrued by endorsing Jesse Jackson's presidential bid and otherwise angering some farmers would be quickly forgotten. The heat instead would shift to Clements and the Republicans for thwarting democracy by taking away the people's right to choose their agriculture commissioner.

Hightower got his job initially by beating Reagan Brown, after Brown literally stuck his hand into a fire ant mound. Now, political watchers are waiting to see whether the governor is ready to figuratively do the same thing.

Clements' hint of veto a blow to Hightower

MAR 1 1989

BY KAYE NORTHCOTT AND KENNETH F. BUNTING
For Wornh Star-Telegram Austin Bureau

AUSTIN.— Gov. Bill Clements said yesterday there is a strong possibility he may veto legislation continuing the elective post of state Agriculture Commissioner Jim Hightower.

Hightower, in an intensifying political war to save his elective office, also was dealt a setback yesterday when 790 voting members of the powerful Texas Farm Bureau voted in a special convention at Waco to support elimination of the elective post.

Both developments came as the state Senate gave Hightower a victory of sorts — a 24-5 vote to keep the Department of Agriculture as it is, with an elected commissioner as its head.

Meanwhile, four pro-Hightower farm leaders took to the skies over Texas to support Hightower, holding news (More on POST on next page)

Post

From previous page

conferences in Austin, Waco, Corpus Christi and McAllen to say that the Farm Bureau does not represent working agricultural producers. They said the Farm Bureau's main purpose is selling insurance.

"They want to get rid of him (Hightower) because they can't control him," said Mike Levi, a cattleman from Spicewood.

Joe Bradberry, chairman of the legislative committee of the Texas Nurseryman's Association, said: "You rattle cages and some people get upset. . . . (but) Hightower has done a good job. I do not like the idea of appointing the agriculture commissioner."

Clements, reacting to the Senate vote, said he has not made a final decision but it is "absolutely a possibility" he may veto legislation continuing the Department of Agriculture with an elected commissioner as its head.

"The agricultural commission, as it's now constituted, has been far less than satisfactory," Clements said.

The governor's comments were his strongest on the topic since saying in 1987 that he favored making the agriculture commissioner an appointive, cabinetlike post. Now, Clements and other critics of Hightower are saying that a commission made up of nine to 12 members could make the agriculture department run more efficiently.

Clements said Hightower faces opposition from the Farm Bureau and other farm, ranch and feedlot operator organizations.

"It is not just a political matter, because these are the people who are affected. . . . They want true representation in the Department of Agriculture. That's understandable. I do, too," Clements said yesterday. But last week, Clements told the *Star-Telegram* that Hightower's politics had been the catalyst for the opposition to continuing the agriculture commissioner's post as elective.

In December, Hightower became embroiled in an international controversy concerning hormones in beef. He lobbied for the right of Texas beef producers to sell hormone-free beef to the European Community, a position the Farm Bureau said hurt the image of Texas beef.

In January, Hightower announced he would not run for the U.S. Senate as he had planned but instead would run for re-election as agriculture commissioner



Jim Hightower: Fighting to keep agriculture post elective

while also working to build a populist movement in Texas.

He was the only white statewide official in the country to endorse Jesse Jackson's bid for the Democratic presidential nomination.

Clements said in an interview last week that Hightower had been "too out in front in a highly political mode," and that he had "chosen the wrong candidates in the wrong circumstances and he's saying the wrong things."

In Waco, Farm Bureau delegates from 142 counties passed the resolution calling for "a change in the leadership of the Texas Department of Agriculture."

Hightower said he was "disappointed that the Texas Farm Bureau would vote against the interests of Texas farmers" by doing away with an elective position.

S.M. True, president of the farm group, said he favors an appointed commission responsible for hiring an agricultural professional to direct the agency. But he said the broadly worded resolution would give the Farm Bureau flexibility to work with other agricultural groups, such as the Texas & Southwestern Cattle Raisers Association, in passing legislation. The Cattle Raisers are on record as favoring an appointed commission.

Farm Bureau lobbyists conceded that they are taking on a tremendous task. With the 71st Legislature half over, the Farm Bureau has no legislation, no sponsor and no specific plan.

Farm Bureau officials said they will meet in Austin today with other agricultural groups to work out a strategy.

The agriculture department falls under the so-called Sunset Act, under which government agencies have to justify their existence every 12 years.

Glen - My old boss is taking
care of you!

2 Republican candidates grouse over Hightower's beef suggestion

Two Republican candidates for governor hammered one of their favorite punching bags, Democratic Agriculture Commissioner Jim Hightower, Wednesday for suggesting that Texas should try to meet European demands for hormone-free beef.

Speaking before a Texas cattle raisers' group, Clayton Williams, the oil and telephone magnate from Midland who featured himself on horseback to promote his telephone company, said, "Maybe our agriculture commissioner should ride on into the sunset."

Texas Secretary of State Jack Rains told the group Hightower's suggestion is equivalent to sacrilege.

He said Hightower "probably doesn't know much about agriculture and international trade and no more than a pig knows about Sunday. But it's dangerous what he's saying. It's dangerous for America's economic interests, and not just this industry."

"Because this is a broad-based battle, and he's sticking his nose in something that, quite frankly, our international trade negotiators need to be dealing with on a broad base, and not in a micro system the way this man is. And he's appealing to some folks' worst interests, and pandering to the European interests."

Rains said the U.S. Department of Agriculture said hormones in beef are safe. American trade negotiators have said the hormone-free beef requirement was simply a trade barrier to protect European producers and is part of a larger trade war.

Hightower's heresy was suggesting that Texas ranchers who already produce beef without hormones can easily meet the same inspection conditions as Argentina, Brazil, Australia and New Zealand to compete in the European



Dave
McNeely

TEXAS POLITICS

market.

If it's a trade bluff, then Texas should call it, Hightower said. If it's a genuine concern about hormones, then Texas can still compete.

The English sell Americans cars with steering wheels on the left side, even though the English use cars with the steering wheel on the right side, and Texans should be equally flexible, Hightower said.

"If European meat buyers want a specialty product, and if Texas producers can supply it, then we in government ought to be helping them get together to make the sale, rather than trying to engage them both in a no-win trade war," Hightower said. "This is not a matter of scientific 'truth' or of ideology, it is a matter of responding to a marketing opportunity."

Even though several large Texas cattle producers have agreed with Hightower, many others, who use the natural and artificial hormones on feedlot beef, are angry with Hightower.

They say they can raise bigger cows faster and cheaper, and they are leaner — which fits the American trend toward lower cholesterol.

Even though a panel of experts in Europe advised the European Economic Community there was no harm from the sex hormones implanted in the ears of cattle, politicians there ignored the recommendations. Europeans are skittish about hormones in beef from experiences in earlier decades, when a different hormone was banned as a carcinogen.

After his speech Wednesday, Williams told reporters that Hightower's willingness to try to meet the European conditions amounted to "working against" Texas beef producers, because it raises questions by consumers whether hormones are safe.

Hightower, asked about Williams' comments, said trying to find new market niches for Texas farmers and ranchers "is no different from the market niche that Clayton Williams saw for a new telecommunications system in Texas."

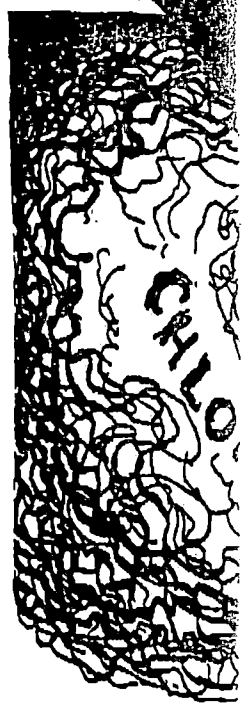
He said if federal regulators had given Williams as much static as the U.S. Department of Agriculture has given producers of hormone-free beef, "he'd never have been able to start Clay-Desta Communications and subsequently sell it for a bundle of money."

A third possible GOP gubernatorial candidate, Texas Railroad Commissioner Kent Hance, told the cattlemen that recovery of the energy industry is worth more to Texas' economic recovery than a bunch of supercolliders. Hance said he had predicted oil prices would return as they have, but warned that they would not get much above \$20 a barrel because OPEC won't let them.

He predicted another energy crisis in 1991 or 1992, when this country depends on imports for 65 percent of its oil.

Missing from the gubernatorial roundup were Republicans George W. Bush and Amarillo oilman T. Boone Pickens, and Democrats Ann Richards and Jim Mattox, although all had been invited, a spokesman said.

McNeely, an American-Statesman columnist, covers political issues affecting the state.



Confu Ozone, gree.

By C. Craig Farquhar
Special to the American-Statesman

Congratulations your cent efforts to emphasize of current human-environmental crisis, a "greenhouse effect" "ozone-layer depletion" ena.

To best counter this ening attack on our big must initially be armed facts. Unfortunately, th to be a widespread prof seminating accurate t regarding the casual ne above-mentioned. p most recently in the fo taken headlining of a ve tion of global warmi Gerard K. O'Neill's Ma mentary, "Satellite cr would solve ozone crisi Austin American-Statesm

It is important to kee that the "greenhouse effi a natural occurrence, is i by increased carbon dio sions (and other gases) a crease average global te

Dog days come early for Bush administration litter

"The president has requested your presence at the first meeting of his full Cabinet. Please wear name tags."

Millie, the Bush family's dog, has given birth to four puppies in the White House beauty parlor. The identity of the father is not known.



Cactus
Pryor

Ohio and the turkeys are still on Gib Lewis' ranch.

"Mexican officials have called Sen. Jesse Helms of North Carolina an 'unblushing liar' and 'a man sick with power.'"

"Oh . . . then they've met him."

GAH

Farm Bureau gambles

Sec 1 P 11

APR 11 1989

Reputation at stake in Hightower stand

BY KAYE NORTHCOTT

Fort Worth Star-Telegram Austin Bureau

AUSTIN — By leading the charge to eliminate the post of elected agriculture commissioner, the Texas Farm Bureau took on one of its most controversial missions ever.

Capitol sources say it's not just Agriculture Commissioner Jim Hightower's job that's at stake, but also the Farm Bureau's reputation as the most powerful representative of Texas farmers.

Hightower and his defenders say the bureau is an insurance company in disguise.

"This organization is big business, just like the chemical industry is big business, and they're trying to put on the mask of the Texas farmer and they're not," said Rebecca Lightsey, a consumer lobbyist who heads a coalition of groups supporting Hightower.

The Texas Farm Bureau Mutual Insurance Co., the largest company wholly owned by the Farm Bureau, last year sold \$103.9 million in insurance, a figure that dwarfs the Farm Bureau's annual budget of about \$3.26 million.

By the Farm Bureau's own reckoning, as many as half of its 326,000 members may pay their annual dues just to buy insurance from the organization's subsidiaries. But Bill Hoover, a bureau spokesman, says the bureau's mission is to work for farmers rather than big business. The insurance companies "will not be the tail wagging the dog," he said.

As for the 800 delegates who traveled
(More on BUREAU on Page 14)



Bureau / From Page 11

to Waco for the Farm Bureau's unprecedented special meeting in March, Hoover said, "If you looked at their fingernails and hands you would know they were farmers."

The delegates were there for a single purpose — to change their official policy from favoring an elected agriculture commissioner to favoring an appointed one.

The delegates made it clear they think Hightower is the one in disguise. They complained that he knows little about farming and that he represents health food faddists more than he represents mainstream farmers.

As for the bureau, Hoover said it counts 326,167 member families in 216 Texas counties. The Farm Bureau does not keep records on the occupations of its members, a fact that Hightower allies find suspicious because the Department of Agriculture counts no more than 50,000 working farms in the state.

Hoover said that at a minimum, the bureau can count 126,638 members farming full or part-time. That's how many people voluntarily returned forms printed in the bureau's biweekly newspaper last year indicating that they produce at least one commodity.

On insurance, Hoover said the bureau took the plunge after World War II because farmers and other rural resi-

dents had difficulty finding good policies, and because insurance services would lend stability to the organization.

"We've found that any organization that tries to exist merely on issues will have a widely fluctuating membership," he said.

Farm Bureau's insurance companies proved to be popular because adjusters had headquarters in rural areas to expedite claims — there are about 160 in county Farm Bureau offices across Texas — and because policy buyers received generous dividends, in profitable years as much as 50 percent of the cost of the policy, Hoover said.

The dividends are considerably less these days. The Texas Farm Bureau Mutual Co. has lost money nine out of the last 10 years because of a higher-than-usual helping of natural casualties, including hailstorms, tornadoes, freezes and floods, said Edward Drake, executive vice president.

Farm Bureau lobbyist Joe Malcys says the insurance companies do not influence policy because only agricultural producers are allowed to vote at bureau conventions.

But on the executive level, at least, the Texas Farm Bureau and the insurance companies are one and the same. S.M. True is president not only of the

bureau but also of the mutual company and Texas Farm Bureau Underwriters. Both are owned by Farm Bureau members.

In addition, the Texas Farm Bureau controls one-tenth of the Southern Farm Bureau Life Insurance Co. and one-sixth of the Southern Farm Bureau Casualty Insurance Co.

A bureau affiliate also makes group purchases of tires, batteries, tillage tools, auto parts and other equipment, which lures non-farmers into membership.

The insurance companies invest heavily in government bonds and industrial stocks, including industries that sell agricultural chemicals.

Hightower has charged that the chemical industry, critical of his vigorous regulation of pesticides and his advocacy of hormone-free beef, is at the heart of the effort against him.

On the day last month that the Farm Bureau held a special statewide meeting to vote in favor of abolishing the elected commissioner, farmers supporting Hightower counterpunched with news conferences in four Texas cities to say that the Farm Bureau invests heavily in agricultural chemicals.

They mentioned specifically the insurance companies' investments in Syntex Corp., a major manufacturer of

synthetic animal hormones.

Responding during a news conference at their Waco headquarters that day, Farm Bureau officials said the bureau did not invest in Syntex. But the Southern Farm Bureau Casualty Co., one-sixth owned by the Texas Farm Bureau, reported owning Syntex stock with a market value of \$406,250 at the end of 1988. During the same year, the company reported making a profit of \$410,000 on the sale of Syntex stock.

The insurance companies also have invested in the FBL Series Fund Inc., formerly the Farm Bureau Growth Fund, and about 3.5 percent of that portfolio is Syntex stock.

The Texas Farm Bureau Mutual Co. had very little common stock. The vast majority of its investments are government bonds.

The Southern Farm Bureau Casualty Co., with stock holdings of \$118,531,681 at the close of 1988 — the largest stock portfolio of any of the Farm Bureau's insurance companies — had at least \$7.082 million invested in companies that produce agricultural chemicals.

Hightower's supporters point to these figures and say that the tail is indeed wagging the dog. But Farm Bureau officials say chemical company stock is just a drop in the bucket.

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Business

Don't Mess Around with Jim

Small farmers love him, but pesticide makers think he's poison

As spring arrived on the Texas prairie last week, farmers and ranchers were fighting a range war that packed all the fury of a Panhandle twister. At the eye of the storm was Jim Hightower, the state's populist, barb-witted agriculture commissioner. Outside Texas, Hightower is best known for regaling the Democratic National Convention last year with his zingers about George Bush, who he said "was born on third base and thinks he hit a triple." Hightower provoked national attention again early this year when he urged cattlemen to grow hormone-free cattle in response to the European Community's ban on U.S. beef.

In farm country, Hightower has become a holly controversial figure because of his impassioned attacks on pesticides and corporate agriculture in general. Delegates of the Texas Farm Bureau, a privately supported business group, met in Waco last week for a special session in which they railed against Hightower. They were joined by an array of cattlemen, grain-elevator operators and pesticide makers, who charged that Hightower is pursuing political ambitions instead of looking after the state's farmers. But supporters of small-farm interests rallied just as staunchly to his defense. Said Joe Rankin, president of the Texas Farmers Union: "The entrenched powers feel alienated. Jim won't get into bed with the good ole boys."

Hightower, who heads a staff of 575 state workers, was elected to his post in

1982 and re-elected in 1986 with 60% of the vote. His foes realize they would be unlikely to whip him at the polls, so they want to abolish his job and replace it with a panel appointed by the Governor. High-



The populist Hightower stumps for Texas-raised crayfish

Says a fan: "The entrenched powers feel alienated."

lower forced the showdown two months ago, when he made the surprise decision to pass up a race for the U.S. Senate against Republican Phil Gramm and instead run for re-election in 1990. Then he promptly spurred a ruckus with his plan to promote hormone-free Texas beef. The proposal angered many cattlemen in

part because it would boost feed costs.

Hightower, 46, a native of Denison in North Texas who edited the activist bi-weekly *Texas Observer* before running for office, is an unabashed advocate of consumers and small farmers. Says he: "There's room for more family farms, not less. You can make money on 40 acres." Hightower has encouraged farmers to adopt organic growing methods and to handle the processing of their products so they can keep more of the 75¢ of every food dollar that goes to middlemen. Hightower has also urged growers to diversify into potentially lucrative crops ranging from pinto beans to blueberries to wine grapes. He has even encouraged farmers to raise crayfish in their ponds.

But Hightower's tub-thumping has prompted resentment among industry giants like Othal Brand, a vegetable grower in the Rio Grande valley. Says Brand: "The little farmer has gone the way of the oxcart. Leave it up to Hightower, and we'd be like India." Among Hightower's powerful foes are chemical companies, which he alienated by pushing a tough pesticide law in 1985 and nearly doubling the number of produce inspectors.

Hightower won a test of strength last week in the state senate, which passed a bill to extend the life of his agency. The acid test may come when Republican Governor Bill Clements, no Hightower fan, decides whether to sign the measure. A veto could send Hightower packing to his backyard tomato-and-okra patch. But the feisty populist is unlikely to moderate his radical position. As he has said, "There's nothing in the middle of the road but yellow stripes and dead armadillos." —By Richard Woodbury/Austin

The Quiet Little Dutch Invader

Fokker's new jetliner scores a \$3 billion sale in the U.S.

When Frans Swarttouw took over the sleepy Dutch aircraft manufacturer Fokker a decade ago, he predicted the little company would survive only "if it dares to start digging in the front garden of the American airplane manufacturers." Never has the garden been greener than now. With U.S. airlines expanding their fleets and replacing aging jets, the two major American aircraft makers, Boeing and McDonnell Douglas, have enough orders to keep them busy through the early 1990s.

The backlog has created a perfect opening for Fokker, which started producing the compact Fokker 100 jetliner in 1987. The company scored a major coup last week when American Airlines announced plans to buy 75 Fokker 100s, to be delivered in the next six years, and an option to purchase 75 more later on. The American deal, worth as much as \$3 billion, is the largest foreign con-



The F-100 is likely to become a familiar sight

tract ever won by a Dutch company.

The cost of developing the new F-100 almost throttled Fokker, which the Dutch government had to bail out with loans that grew to \$700 million by 1987. The new F-100, designed to carry about 100 passengers on trips of 1,000 miles or less, is as technologically advanced as the offerings of Fokker's larger rivals. Powered by Rolls-Royce engines, the plane is highly fuel efficient and quiet. In test flights in February, the F-100 performed well within the toughest airport-noise restrictions.

The jet is likely to become a familiar sight on U.S. runways. Fokker is negotiating with United Airlines for the sale of as many as 200 planes, and with Delta for 100. Says Fokker's Swarttouw, 56, who plans to retire soon: "We have secured a future for Fokker of 15 to 20 years." ■

OFFICE OF THE GOVERNOR

THURSDAY, JANUARY 12, 1989

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REMARKS OF GOVERNOR BILL CLEMENTS
ANNOUNCING THE TEXAS CRIMINAL JUSTICE PROGRAM
ROTARY CLUB OF HOUSTON
HOUSTON

Since 1912, the Rotary Club of Houston has rallied behind this great city, behind its people and their needs. Whether its helping the economy bounce back or raising money for cancer research, you've succeeded in building a city and a state filled with hope and opportunity.

Texas is no stranger to challenge. We learned long ago that success means standing our ground and drawing on our strengths. With that spirit, we beat back a recession and we laid the foundation for growth and progress.

I am here to tell you that we can do it again. This time, the challenge is crime. And this time, we'll need your help more than ever.

In December of '86, a month before I began my second term as governor, Judge William Wayne Justice sent Texas a compelling message. The judge found the state in contempt of court and he threatened millions of dollars in fines unless we took decisive action to comply with his orders and clean up our prison system.

We knew our strategy needed to be aggressive, tough and swift.

And it was.

We came into office with a plan to pull Texas from the brink, to improve the system of justice, and, yes, to return sanity to what had become an alarming crisis.

CRIME /
Prisons

We passed legislation to toughen our laws, making it harder for inmates to earn "good time" and giving the state a limited right to appeal. We turned to innovative ways to finance our prisons and we launched the most ambitious prison construction program in the history of our state. Last session, we funded the first phase: 13,000 new beds, many of which are now beginning to come on line.

With the people of Texas behind us every step of the way we made strong progress in our campaign to return "justice" to the process and to regain oversight of our facilities. But our work is far from over. Just as our fight against crime never ends, so does our obligation to protect our citizens never stop.

Indeed, it was John Nance Garner who once said: "The first function of government is to protect the lives and property of its citizens." Certainly, he was right.

The struggle against crime and its attacks on our families requires priority attention and aggressive response. But today more than ever, government needs a helping hand from the private sector. Effective programs like Texans' War on Drugs and Nancy Reagan's "Just Say No" effort show us all what we can achieve together. Shoulder to shoulder our message to criminals can be loud and clear: 'If you break the law, you pay the price.' It's that simple.

Overcrowding in our prisons and our jails is severe -- and I know the Harris County Jail is no different -- but our commitment to protect our families doesn't waver as a result -- no, not a bit. Texans have never lacked compassion or a sense of fair play. We're willing to go the extra mile for those offenders who can become productive members of society.

But we do draw the line. If some people interpret our capacity problems as a lack of resolve, they're in for the surprise of their lives because I am here to tell you that I will not rest until Texas has the prisons necessary to keep criminals behind bars. I will not stop until Texas has further strengthened its laws and closed the gaps in the system that allow felons to walk the streets.

To borrow a phrase from George Bush, "Read my lips:" We're going to make our justice system work for the people of our state -- not against them.

Today, we take another major step toward that end as we announce our Criminal Justice Program for the Legislature's consideration.

This plan picks up where our last one left off. In it, we call for the construction of the second phase of our prison development program: Nearly 11,000 new beds to add to the 13,000 now being built. It's a tall order, but considering the demands on our prison system, it's one we must fill now.

That's why today I am signing an executive proclamation declaring prison expansion an emergency issue that merits the Legislature's immediate attention and decisive action. We propose financing construction costs through the sale of general obligation bonds, just as we did with the expansion of TDC now under way.

If the Legislature acts quickly so that approval of these bonds can go before the voters on the May ballot, we can accelerate relief to packed county jails by months, and we can let counties know before their next budget cycle that we are committed to doing all we can to help them.

The critical need for new space is witnessed day in and day out by the judges and juries who hand down sentences only to have them served out on the street because of a lack of prison beds. This simply must not continue. Society demands otherwise; justice demands there be another way.

In 1987, more than 4,500 peace officers were assaulted in the line of duty in Texas -- 3 percent more than the year before. Under current law, the aggravated assault of our officers is treated only as a second- or a third-degree felony. Clearly, stiffer penalties are in order. We must give offenders something they can understand. We must increase this crime to a first degree felony.

It is also imperative that we answer the needs of the victims of crime by closing loopholes in the system. For instance, we must clarify our laws so that evidence seized by an officer acting in good faith is admissible in court; we must work to ensure that a defendant's oral statements or a confession of guilt can be allowed into evidence; and we need to correct the imbalance that denies state prosecutors the simple right to a jury at both the guilt and punishment stages of a criminal trial -- the same right now enjoyed by a defendant.

During this legislative session, I anticipate that we will also focus our attention on policies to provide drug education for our youngsters, and a range of alternative sanctions for both probation and parole.

Finally, it is also critical that Texas be as efficient and cost-effective as possible when fighting crime. We should continue to look for new ways to update our techniques to keep up with changing technologies and, yes, to keep up with crime. Our Criminal Justice Program outlines two initiatives to improve our effectiveness: First, we are calling for a criminal tracking system in which defendants are assigned a number connected to a central data base at the Texas Department of Public Safety. And second, we propose that fingerprints be part of court documents to enhance our ability to follow an offender's criminal record.

With this set of reforms, with increased capacity at the Department of Corrections, we can and will improve our system of justice in Texas. We can and will underscore our highest responsibility to the citizens of our state: public safety and public justice.

Public safety is paramount. Victims' rights are paramount. Convicted criminals must pay their price to society.

Texans have a right to expect more from their justice system. Our families and friends, our teachers and students, all have the right to be safe in their homes. You, our business leaders, have the right to be secure. And we, as leaders of this great state, have the responsibility to see that you are.

Yes, Texas has come a long way since we faced and then overcame the threat of contempt fines two years ago. Today, we begin the process of building on our accomplishments, building a brighter future for our families and for our state. Today, with your support, we stand side by side against injustice.

And we will win.

END

15

P21A

Emergency prison plan considered

Sale of federal assets would help fund building program, Gramm says

DALLAS MORNING NEWS
By Jennifer Dixon
Associated Press

APR 06 1990

WASHINGTON — Senate leaders are considering a multibillion-dollar emergency prison construction plan to ease the prison overcrowding crisis in Texas and around the country, Sen. Phil Gramm says.

A proposal being discussed also would permit state and federal prisons to house convicted felons in tents to make room for more offenders, Mr. Gramm said Tuesday.



Phil Gramm

He said the measure would let military bases targeted for closure under the current base-closings plan to be converted to prisons, and it would specify stiff, mandatory sentences for selling drugs to minors.

The Texas Republican said the money for the prison construction program would come from the sale of federal assets, possibly land, and

"program terminations."
"It would be big — several billion dollars," Mr. Gramm said.

Mr. Gramm said he discussed the drug proposal this week with national drug czar William Bennett.

Provisions would include a mandatory 10-year sentence, without parole, for selling drugs to a minor or using a minor in a drug crime, Mr. Gramm said. Repeat offenders would be given life in prison.

He said efforts were under way to develop guidelines for declaring "a national crime emergency" along with guidelines for releasing prisoners because of overcrowding.

He said the federal "mandate" would let state and federal prisons put inmates to work, and "set out in law a program to use closed military bases as prisons, including the emergency provision to remove any legal impediments to putting felons in tents."

The bill, which has yet to be introduced, "has an excellent chance," Mr. Gramm said. "Momentum for this is building."

He said there is "no doubt" Texas would benefit from the prison con-

struction plan, and he has told Mr. Bennett that several Texas cities would be interested in being selected for a new prison.

"A lot of cities in Texas would like a federal prison, and I would like to see they have an opportunity to be the host for a new federal facility, which is desperately needed," Mr. Gramm said.

"I think that we're going to see continued pressure from the American public for us to end ... the phony war on drugs and begin the real war on drugs," he said.

He said that if soldiers in World War II could live in tents, he and the public can't understand "why federal prisoners can't live in tents now."

APR 12 1980 P.C.

More prisons? Yes, we must

Public is fed up and rehabilitation no longer exists

By John Holmes

SPECIAL TO THE HOUSTON POST

During this session of the Legislature, many people are arguing over whether or not building more prisons is in the best interests of the people of this state. As a prosecutor in Houston for 20 years, I would like to provide a historical perspective.

Lay opinions to the contrary, no prosecutor, judge or policeman can unilaterally send anyone to prison. It is the people who are tough on criminals. Texas law still calls for jury sentencing at the option of the accused. It is true that the vast majority of criminal cases are disposed of by judges on pleas of guilty. Nevertheless, the effect of jury sentencing on this process is most significant.

Also, the recommendation made by a prosecutor in a plea-bargained case or by the judge should reflect public attitudes about such cases. Since prosecutors and judges are elected, they would not long survive if they consistently assessed sentences much lighter than the public believed were correct. What is proper from a public perception, right or wrong, is determined from the thousands of jury-trial sentencings that occur annually in the jurisdiction.

When I began prosecuting felony offenses in 1970, attitudes about crime were much different from what they are today. Today, any citizen is three times more likely to be victimized by violent crime than two decades ago. They are six times more likely to be victimized by property crimes, and the monetary loss to those victims will be nine times higher than the amount in 1965.

This increased victimization has caused a corresponding increase in public enthusiasm for harsh punishment of offenders. Because the people serving on juries have either been victimized by crime or know a loved one, neighbor or friend who has been so victimized, the public is now much more inclined to confine convicted offenders.

Texas also has faced the ultimate resolution of the *Ruiz vs. Estelle* lawsuit.



Post illustration by Rob Dudley

This 17-year-old suit made the presiding jurist a household name, although not in a manner that would make the William Wayne Justice family proud. The ultimate resolution of the case has had, and is having, a profound impact on the need for prison construction and the expense of housing Texas felons.

The burgeoning prison population, spurred by the public's changing attitudes toward the tolerance of crime, started creating crisis conditions almost a decade ago. In early 1982 the Texas Department of Corrections closed for the first time in its 137-year history, and over 3,000 inmates were housed in tents. The commission appointed by Gov. Bill Clements to study the prison crisis in 1982 determined that, if changes were not made, Texas would be required to house over 100,000 felons by 1990.

In the subsequent legislative sessions, little has been done to appropriately address the housing of offenders. Today, only one year away from that 1990 esti-

mate, Texas still has a prison population ceiling of 38,000, the same as in 1982. Additionally, almost 9,000 felons are now being housed in local county jails at local taxpayer expense.

The proportion of offenders under constraint has actually declined in Texas. In 1980, there were 168,099 offenders either in prison or on probation or parole. By 1987 that number had grown to 369,449. In 1980, 16.9 percent of the offenders under some type of supervision were in prison, but by 1987 only 10.6 percent were in prison.

The Texas Department of Corrections now "turns over" its population virtually every 12 months. In 1980, 14,176 inmates were admitted to state prisons, representing less than half of the total capacity of the system. By 1987, that number had swelled to 35,134 — dangerously close to the actual capacity. From 1980 to 1987, prison admissions

Please see PRISONS, C-5

PRISONS: We've no choice but to increase the capacity

From C-1

increased 147.8 percent while the number of parolees increased 292.3 percent. By 1987, the average actual time served had dropped to 12.3 months, down 36.5 months in 1981. Today in Texas, a life sentence represents 7 to 14 years.

Parole decisions are not being made on the rational basis used in prior years. In 1981, 37 percent of the inmates who were eligible for parole on the first occasion of eligibility were actually accorded parole. By 1988 that number had risen to 86 percent. The state director of the parole function has personally told me that discretionary calls are no longer being made — if they are eligible, they are out.

The stopgap solutions of early release legislation are not well received by Texans. The Criminal Justice Poll from Sam Houston State University indicated that over 90 percent of the population are opposed to early release methods. Most Texans are outraged to learn that the 70th Legislature lowered the requirements for minimum time served from one-third of the sentence to one-fourth. The disparity between the sentence a person receives and what that person actually serves has never been greater.

□ In February 1988, an offender we'll call "Jim" was sent to prison with a five-year sentence for his second felony conviction. On Aug. 13, 1988, he was paroled to Harris County. By Aug. 31, he had not reported to his parole officer. That same day he was observed stealing shirts from a mall store.

He fled and overpowered an elderly woman getting into her automobile. Jim made the lady drive him to the other side of the mall, where he released her and escaped. He was arrested that same day during another theft. A parole board representative told police that Jim's parole *would not be revoked* unless a kidnapping charge was filed because the thefts were non-violent crimes.

□ Bill Smith is the former Hermann Hospital administrator who was convicted of theft and sentenced to seven years in prison. When he arrived at the prison on the scheduled day last July, he was told there was no room for him, and he supposedly checked into a Huntsville hotel until the prison could accept his confinement order. In August, Smith had his first interview for parole consideration, and his lawyer was furious. Shock probation had been requested in Smith's case, and the hearing was not set until November.

Under shock probation, Smith could have the final conviction for felony theft erased from his record, but if Smith were released on parole prior to the shock probation hearing, he would be stuck with the final conviction forever. Sud-

denly the traditional roles of the prosecutor and the defense attorney were reversed, with Smith's lawyer asking the Board of Pardons and Paroles *not* to parole Smith and the prosecution asking for his parole before the November hearing date to keep the final conviction on his record.

The prosecutor spent long, tedious hours on the investigation and presentation of the Hermann Hospital mess, and Smith was one of the central figures. Smith received shock probation, and he will soon be able to testify truthfully under oath that he has never been convicted of anything.

□ This past Jan. 23, I received notices of consideration for release on parole for James Allen and James Cloninger. Both had received 10-year sentences for delivery of cocaine; Allen's began in November 1988 and Cloninger's in December.

Floyd Ray Gearing received 10 years for theft in 1981. In 1986 this same individual received another 10 years for two offenses involving illegal possession of a firearm. He has since committed *another* theft and is currently serving yet *another* 10-year sentence. He is being considered for release six months into his current sentence. This man has been in and out of the Texas prison system three times in the last eight years and received credit for serving 30. New math is not limited to education.

During the past 40 years, prison has provided an opportunity to complete high school and obtain a college education. The average Texas inmate has the academic equivalent of an eighth-grade education. The early release programs are such that virtually no one can now achieve a high school education within the confines of the institution unless he is serving a life sentence. Inmate rehabilitation is too much to expect of an overworked parole system when anti-social people are being released under "supervision" only a few months following their offense.

The broad brush-strokes of more education, drug treatment and prevention programs, however worthwhile, are not going to eliminate the need for more Texas prison space. Those who advocate additional alternatives to confinement and increasing the resources available to parole and probation as a substitute for adequate prison space should look at the fact that 35.4 percent of all TDC admissions (12,460 inmates) are for violations of existing probations. There *must* be a place to put those who have already had that alternative chance and failed. The hammer that once hung heavy over a probationer's head has turned into a rubber mallet with no ability to strike.

Holmes is Harris County district attorney.

Judge says fix the jail, ^{p. B1} bill the state

Tarrant County must remedy overcrowding

By Jacquelynn Floyd APR 11 1989

OF THE TIMES HERALD STAFF

FORT WORTH A state district judge Monday ordered Tarrant County Sheriff Don Carpenter to build a temporary compound to hold more than 1,000 sentenced felons now jammed into the county jail — and to send the bill to the state comptroller's office.

The ruling issued by Judge Michael Schattman represents a victory for former jail inmate Billy Joe Markham, upholding his claim that overcrowding and substandard conditions led to his rape and beating by other prisoners two years ago. Schattman made the ruling at the close of a two-week hearing on whether temporary relief measures were needed to ease overcrowding while Markham's lawsuit is pending trial.

"As anybody can plainly see, we have a jail that is overcrowded and unsafe," Schattman said after announcing his decision Monday. "I'm directing the sheriff to segregate from the general jail population those [prisoners] sentenced to felony crimes" who are awaiting transfer to the state prison system.

Schattman ordered the sheriff to ask Gov. Bill Clements to dispatch state troopers to guard the sentenced prisoners. If the governor fails to respond to the request within three weeks, the sheriff is ordered to deputize temporary guards, also at state expense, Schattman said. In addition, the order calls on the sheriff to requisition property and supplies for the temporary compound at state expense.

If carried out, Schattman's order would cut the jail's population nearly in half, bringing its population within the 1,972-inmate ceiling mandated by the Texas Commission on Jail Standards. In recent months, the inmate head count has hovered around 2,400, with overflow prisoners sleeping on mattresses in jam-packed cells. Other prisoners awaiting transfer into the county jail are being held either in suburban city lockups or in a cyclone-fence pen guarded by Fort Worth police officers.

During the hearing, several jail inmates were brought to the courtroom, where they described crowded conditions, indifferent medical care, spotty supervision by overworked jailers and a constant threat of violence from attacks and fistfights in the packed holding tanks.

Please see **JAIL, B-2**

JAIL

From B-1

Current estimates show that between 1,000 and 1,100 of those prisoners already have received their prison sentences and are awaiting transfer to the Texas Department of Corrections, which now allows Tarrant County to send only 50 inmates per week to the penitentiary.

Carpenter, who was not in the courtroom when the judge announced his decision, could not be reached for comment Monday. Van Thompson, an attorney defending the county in the suit, said he does not believe the order is enforceable and expects county officials to appeal the decision.

Schattman said he will issue a written order detailing his decision later this week.

As part of his decision, Schattman also certified a class including all jail inmates and those who have been jailed within the last two years to serve as co-defendants alongside Markham.

Fort Worth attorney Art Brender, who is representing Markham, said he views Schattman's order as a last-ditch measure to force the county to act on its chronic jail-crowding problem.

"It obtains the first goal we had, and that's to stop the bickering between elected officials over who's responsible and get something done," he said.

Schattman also is expected to set a trial date for Markham, who has asked for \$1 million in compensatory and punitive damages for the attack he suffered at the hands of eight violent inmates in February 1987. In addition, Brender said, the judge will appoint an independent master to see that his decision is carried out by the county.

Gramm proposes drug jails

**GOP plan to target
Texas, senator says**

APR 07 1989

By Seth Kantor
American-Statesman Staff

P-1

WASHINGTON — A nationwide plan to establish 70,000 new federal prison beds for drug offenders will be detailed by Senate GOP leaders in about two weeks, U.S. Sen. Phil Gramm of Texas said Thursday.

The plan will emphasize fighting drug-related crime in Texas, California and Florida, the Republican senator said. Gramm said those three states have become magnets for drug traffic because of heavy smuggling activities across the Mexican border, the Gulf of Mexico and the Caribbean.

The prison beds would be created over a five-year period and "a lot of them would be in Texas," Gramm told the *Austin American-Statesman*.

Gramm, one of the leading Senate budget cutters, said he could not estimate the cost of the legislation he is preparing with Minority Leader Bob Dole of Kansas and other GOP senators. But, based on averages for federal prison costs, the 70,000 new beds could cost more than \$5 billion.

Other facets of the legislation are likely to include the use of former military bases as "drug prisons," Gramm said.

"More than 100 cities in Texas would like to have a federal correctional facility in their jurisdictions," Gramm said. "Some of them are willing to share part of the costs with the federal government in establishing the facilities in order to fight the drug menace."

"I met with (President Bush's drug czar William) Bennett two days ago and gave him a partial list of those cities and he was really interested in them," Gramm said.

Even with a buildup of federal penal facilities in Texas, which would lead to convicted drug felons being sent to the state, "Texas will be a net exporter of prisoners because of the high volume of smugglers to be vigorously prosecuted and given federal sentences," Gramm said.

If local government contributions are used in some instances and abandoned military bases are used in others, traditional costs for housing federal prisoners could be shaved, drafters of the legislative

See Jails, A10

Jails From A1

package insist.

Greg Bogdan, spokesman for the Federal Bureau of Prisons, said, "The overall average cost of a new federal prison facility in fiscal 1988, per bed, was \$72,500."

But costs "vary widely," Bogdan said, "depending on the locale, the cost of materials and the degree of security within the facility. We recently completed building one in Marianna, Fla., at a per-bed cost of \$57,600. But one we are about to build in Minersville, Pa., is expected to cost \$82,140 per bed."

Gramm said he met Wednesday with White House Chief of Staff John Sununu and that "we expect the White House is going to be fully supportive of the legislation we are putting together."

The Texas senator also met with legal scholars on Wednesday at Heritage House, a Washington-based conservative think tank, regarding crowded prison conditions.

"Our No. 1 problem in fighting crime is the overcrowded prison problem," Gramm said. "Nationally, we've seen the time served in prisons for major crimes drop from 50 percent to 25 percent because of overcrowding in recent years."

"In essence, we have crime without punishment in this country," he said.

"There is a state law in Texas against housing prisoners in tents and I ask, how come? After all, millions of American men in military service slept in tents during World War II," he said.

"We ought to be utilizing abandoned military bases in this country to maintain prisons for criminals involved with the selling

**'In essence, we have
crime without
punishment in this
country.'**

**— Sen. Phil Gramm
R-Texas**

and use of narcotics. And if that means putting felons in tents, then that's the way it ought to be.

"I don't want prison to be such a happy experience that these convicts want to wind up there," he said.

The Republican legislative initiative, which is likely to include a plan for segregating drug-related convicts, is expected to draw support from "a considerable number of Senate Democrats," Gramm said.

He discussed the pending Senate drug punishment bill with Texas officials who spent Thursday on Capitol Hill in quest of a major federal commitment to fight drugs in Texas.

Gramm met with Charles Terrell, a Dallas business executive who serves as chairman of the Texas Department of Corrections, and state Rep. Ben Campbell, R-Lewisville.

Terrell also heads the Texas Criminal Justice Task Force Committee, which has completed a three-year study of drug-related crime problems in Texas.

"We essentially are in a state of emergency," Terrell said after the

meeting with Gramm. "The effect of illegal drugs in Texas is just as if we were being attacked by a foreign power."

While Terrell and Campbell were meeting with Gramm, two other members of the task force, state Reps. Mark Stiles, D-Beaumont, and Dan Morales, D-San Antonio, were discussing the same subject with U.S. Rep. Jack Brooks, D-Beaumont and chairman of the Judiciary Committee.

Brooks' committee has jurisdiction over legislation affecting federal prisons and the justice system.

Campbell and Terrell said they want to keep drug pushers and smugglers out of the general prison population. They called for separate drug prisons "where you can work on rehabilitation and where pushers no longer can sneer at the system."

Terrell said that sentencing of drug pushers should be accelerated so they cannot post bonds easily and delay their trials for months, allowing them to commit other crimes before being sentenced.

"The Texas task force has been working on the exact same problem in Austin that we have been working on in Washington," Gramm said. "We've all reached very similar conclusions."

Members of the task force also discussed the nation's and Texas' drug problems Thursday with Sen. Lloyd Bentsen, D-Texas; Sen. Sam Nunn, D-Ga., chairman of the Armed Services Committee; House Speaker Jim Wright of Fort Worth; and senior aides to Bennett, who is coordinating the administration's war against drugs.

'It doesn't matter whether you've got a Volkswagen or a bus, if it's full, it's full.'

— Daniel O'Brien, assistant to commissioner of Minnesota corrections

"It doesn't matter whether you've got a Volkswagen or a bus, if it's full, it's full," O'Brien said. Officials are exploring the first prison expansion in years, along with new alternative programs in communities.

Local corrections was also a key behind alternatives in Oklahoma, Florida and Michigan.

All three states have used electronic monitors — devices attached to convicts' wrists or ankles — with varying success for the past five years. Such monitoring has allowed Oklahoma and Florida to expand house arrest programs, partly to reintegrate convicts into the community after they served time in prison.

Instead of spending an average \$36 a day to keep a non-violent offender inside a prison, officials said, they can electronically monitor them for about \$7 per day.

Neville Massie, an Oklahoma Corrections Department spokeswoman, said a legislative rule has also helped: Before any crime bill can be passed, its effect on future prison population must be measured.

"For a while, as we started new alternative programs to deal with the overcrowding, new laws got passed that made the numbers come at us even faster," she said. "But we think we're making progress now. It's all a matter of educating people that we can't — and shouldn't — put every offender inside a prison."

In Texas, 370 bills were filed this year dealing with crimes and punishments — 103 involving sentences and punishment.

To cope with an explosion of drug-related crimes, Florida and California have adopted stringent substance-abuse therapy and counseling programs — including mandatory rehabilitation such as that being considered in Texas. "But our admissions are still outrunning us," said Florida spokeswoman Paula Tully, noting the 36,300-inmate system got 4,000 new convicts in December alone.

Like most other states, Florida officials said their recidivism rate has remained about the same — whether the convicts are in prison or in alternative programs. And a \$152 million construction program is being discussed.

Rep. Ric Williamson, D-Weatherford, one of the legislators who helped draw up the proposed Texas plan, said the lessons of other states have been duly noted.

"We want to take these successful alternatives, and add some education and substance-abuse counseling programs, and change people who break the law for one reason or another," he said.

"We know it won't keep us from building more prisons, just keep us from building even more. And putting that money where it can make a difference. If we can

cure," said House Corrections Committee Chairman Allen Hightower, D-Huntsville. "But it's a start. We're taking the best elements from other states and adapting them."

Added Senate Criminal Justice Committee Chairman Bob McFarland, R-Arlington: "We're using the lessons other states have learned to our advantage."

According to members of the legislative coalition that drew up the pending Texas plan, Georgia was used as a model for intensive supervision, boot camp and diversion centers.

About eight years ago, Fallin said, Georgia introduced a program to keep close watch on some probationers with stringent rules, daily contacts with a probation officer and random drug and alcohol testing. While such close supervision has not affected the percentage of probationers who end up in prison for breaking the rules, he said, it has cut the number of revocations for new crimes.

"By supervising some people so closely, you tend to find more violations than you would otherwise," Fallin said.

Like Texas, Georgia supervises misdemeanor and felony offenders in one agency, at a supervision ratio of about one officer for every 150 offenders. While Georgia has 120,000 probationers under varying levels of supervision, Texas has about 400,000, officials said.

The Georgia boot camp program, launched in 1983, has had only a limited effect on recidivism, or inmates returning to prison, according to Kathy Drake, a department spokeswoman. The boot camp failure rate is about 30 percent, while recidivism for convicts in traditional prisons is about 40 percent.

In so-called "diversion centers," a form of pre-prison work release, convicts hold jobs or perform community-service work during the day and are confined at night. Georgia has 18 centers and is considering more, Drake said.

Much the same has been true in Minnesota, where the Texas plan borrowed heavily from successful community-based corrections programs.

In 1973, sweeping changes were enacted in Minnesota's corrections system that shifted much of the responsibility to local government. The state provided subsidies for jails, group homes, youthful-offender centers and rehabilitation programs, officials said.

"Some counties took over probation and parole functions from the state. They operate their community programs, decide what should be done with (offenders) on the local level," said Daniel O'Brien, an assistant to the Minnesota corrections commissioner.

"This system has tended to sort out the serious offenders from the non-serious from the start. Only the worst ones come into the state system," O'Brien said.

Minnesota for years had the lowest incarceration rate of any state, and had no need to build new prisons, O'Brien said. But in recent years, the number of convicts has ballooned and many local jails and programs are packed.

Even so, compared with Texas' 39,600 convicts in 29 institutions,

Texas studies other states' methods to find alternative prison programs

AMERICAN STATESMAN

By Mike Ward
American Statesman Capitol Staff

APR 09 1989
p. D1

In the mid-1970s, faced with a flood of new convicts and jam-packed prisons, Georgia officials went shopping for a solution — any solution.

They broke with the traditional lock-'em-up concept of dealing with lawbreakers and opened the first "diversion center," where convicts live, work and pay taxes while serving their sentences. But that was not enough, and one by one, the state with the highest incarceration rate in the United States was out shopping again.

Intensive probation supervision. Community work programs. House arrest. Boot camp. Even special detention centers for drunken drivers and habitual traffic offenders. But with seven major alternative programs and

26 prisons, Georgia's corrections system is still packed — and a \$170 million prison-building program is on tap.

Nonetheless, officials hail the programs as a success.

"We haven't found a solution, no one has, but we'd be in a lot worse shape if we hadn't had the alternatives," said Vince Fallin, Georgia's deputy corrections commissioner for probation programs who oversaw many of the changes.

"Crisis is the mother of invention," said Fallin. "We couldn't afford to build enough expensive prisons to house everyone, no state can."

In many respects, officials say, Texas is at much the same point Georgia was a decade ago. Only wiser.

A legislative coalition has proposed a complete overhaul of Texas' criminal justice system, incorporating many of the alternative programs

that Georgia, Minnesota, Oklahoma, Michigan, Florida and California adopted years ago. But there are a few Lone Star variations.

Texas now has virtually no alternative prison programs, other than parole or probation. In February, the first state boot camp was established.

A boot camp facility in Del Valle run by the Travis County Sheriff's Department has been used as model for what the state hopes to establish in several locations around Texas.

"This plan is no cure. I don't think there is a

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OFFICE OF THE GOVERNOR

MONDAY, JANUARY 30, 1989

Education

REMARKS OF GOVERNOR BIL
ANNOUNCING HIS "EDUCATIONAL EXCEL
AT THE TEXAS SCHOOL ADMINISTRATORS
AUSTIN

It's with great pleasure and deep respect for your challenge that I join the people who make up the front line in our ongoing effort to educate our youngsters. As some of our strongest champions of education, you know full well that preparing our youth for the years ahead is not only our fundamental responsibility, but the wellspring of our continued growth. Our children are our greatest assets, and, as President Reagan once said, "America must not be denied the creativity and talents of its citizens."

Indeed, our strength lies in our people. In the farmer, who's in the field by the time the sun comes up. In the firefighter, who risks injury for our safety. In the teacher, who at the end of the day sends home our young people with minds full of potential. Yes, your courage, your dedication and, above all, your vision are what make our state and our nation great.

Texas today stands on the threshold of a new age filled with opportunity, a new era sweetened by hope and a greater promise for the years to come. Texans -- especially Texas children -- must be prepared to march forward, fully equipped for what lies ahead.

This year's first graders will graduate from high school in a new century when three out of four jobs will require at least a high school diploma and additional education. Those children will determine our economic

competitiveness for generations to come, and it will be the schooling they receive today that will measure their progress tomorrow.

Now is clearly the time to enhance our educational system so that all our children have the opportunity to prosper. Certainly, no goal is more precious.

In a report published just this month, the Texas Research League summed up our challenge this way: "Unless action is taken now, there will be a shortage of skilled professionals to meet the requirements of a highly technological economy."

Well, the action is now being taken. I am here today to unveil a 39 million dollar per year educational enhancement package which we're submitting for the Legislature's consideration. We call our strategy the Educational Excellence Program for Texas because that's exactly what the people of Texas want -- excellence. Texans should not and will not settle for second best in their schools, and neither will I. But the best requires perseverance, innovation and rewarding the positive. Funding is part of the answer. I'll say more on that subject in my State of the State Address tomorrow morning. Today, we focus on performance for the money we spend, rather than on the money itself.

Through our program, we're asking the Legislature not only to make changes in our educational system, but to renew our state's commitment to quality. What we are proposing is a cooperative approach, one where superintendents, principals and other administrators, teachers, school board members and parents all play vital roles in achieving far-reaching progress. We envision a time when the nation looks to Texas as the model for educational excellence.

The primary focus of our program is to showcase the positive, to highlight the innovative success stories that exist throughout education. As Governor, I am in a unique position to publicly accentuate these successes. I believe we must do more of it.

That's why, first and foremost, we propose the creation of a Texas Educational Excellence Award System, or, simply, the TEXAS Plan. This voluntary system would recognize and reward programs that successfully beat back dropout rates, alcohol and drug abuse, and that increase parental involvement on our campuses. Awards would also be made on the basis of academic gains. By rewarding measurable gain in all these areas, we can ensure that all our schools -- regardless of wealth -- can participate fully.

Our aim for the TEXAS Plan is to make you a part of the awards process. We want our educational professionals to do what they do best -- inspire. With you at the head of the class, so to speak, we can underscore the positive and encourage even greater accomplishment. And let me say again that the TEXAS Plan would be a voluntary system, not a mandated performance program.

Since we're talking about success stories, I'd like to tell you about one just south of us. In San Antonio, educators and the private sector have joined forces in a full-scale battle to keep "at-risk" students at Edgewood High School in class. The result, according to San Antonio Youth Literacy, has been a dramatic change in attitudes and a constant chipping away at the dropout rate.

There are no easy answers to the dropout crisis, and, yes, it is a crisis. But it is clear that parents and our communities must take a greater interest in seeing that their youngsters graduate from high school. Our students need our support. They need our guidance. Our Excellence Program

proposes a series of ways to start. For instance, we're calling for a program that would identify the "at-risk" youngsters of families on welfare and help them be successful in school. We also believe it's necessary to provide tuition assistance for low-income students who fall behind and can't afford the cost of retaking a course during summer school.

But all of this is still not enough.

That's why my office is prepared to kick off a public awareness campaign to reach out to young people in every corner of our state through the medium they know best, radio and television. Texas needs our youth, and that's why we've named this effort "Texas Needs You." Our campaign is designed to teach the public about the skills our youth will need to succeed in an increasingly competitive society. I will appoint a Dropout Prevention Coordinator in my office who would help oversee the campaign and coordinate the involvement of the private sector, student groups, the education community, the Texas Education Agency and other areas of government.

To launch "Texas Needs You," we would offer Second Chance Awards to recent dropouts who re-enter high school and earn their diploma. Once they graduate, these students would receive a reward, such as a 500-dollar college tuition credit or a privately donated cash award.

We want our young people to reach their full potential. We want them to be part of the advances in science and technology that are now spreading across our nation and throughout the world. Unfortunately, America's academic achievement in both those areas ranks near the bottom compared to other industrialized countries. To help reverse that trend, we propose a financial incentive program for those high schoolers who complete courses in physics and calculus.

Throughout our Excellence Program, we've stressed quality and achievement in all segments of school life, including the Head Office. Superintendents and principals are clearly the instructional leaders in our districts and on our campuses. In fact, national research on effective schools has shown that our administrators are among the most important factors in influencing student performance.

Our program seeks to underscore that influence by providing state funding to colleges and universities for management and leadership training. We're also proposing tuition assistance for administrators whose school districts lack the necessary resources to underwrite this type of advanced training.

Another major plank in our program is aimed at maximizing our educational resources. We propose a redesign of the state's accreditation process to allow the Texas Education Agency to focus more of its attention where it's needed the most.

For example, under our plan, school districts that are exceeding recognized state standards would be given greater flexibility in the frequency of on-site reviews by an accreditation team. These districts would also be allowed to request waivers from specific accreditation requirements.

At the same time, school districts that need technical assistance would have those resources readily available, even more so than they do under the current accreditation process. We want the districts that need the help to receive it as quickly and as effectively as possible.

As we prepare to enter the 21st century, a time when new levels of technology will take us light years beyond today's imagination, it is imperative that we not repeat the errors of the past. I'm talking about the

mistakes that have allowed 16 percent of adult Texans to go through life unable to read and write.

The brilliance of our society must not be dimmed by the inability of our people to read an election ballot or fill out an application for a job. The burdens of illiteracy clearly weigh heavy not only on the people who bear them, but on the society that is denied the full participation of its citizens.

In Texas today, illiteracy costs us more than 17 billion dollars a year in lost income, missed tax revenue, unemployment insurance, adult training, and the increased cost of welfare and, yes, crime. The correlation between a life of crime and illiteracy is all too real. Indeed, nearly 90 percent of all inmates in Texas prisons failed to complete high school.

If there's a lesson to be learned here -- and there is -- it is that we must do more to teach our people to be full participants in society. Our success as a nation, as a democracy, depends on it. Today, we begin the process anew with a fresh commitment to education through our excellence program.

Our's is a positive beginning, a strong step forward. But, yes, it's just that, a beginning. Over the next few months, I'll continue to ask for your help to make our Excellence Program even better. And over the years, I know that you'll continue to make it better, still.

The time is now for a new vision that will carry Texas to greater levels of achievement. Just as our forefathers stood their ground more than 150 years ago, so must we stand shoulder to shoulder for another cause just as great -- our children's future. Today, we renew our push to excellence, driven by the hopes and dreams of our youngsters.

Let me ask you, how can we afford not to give it everything we've got?

Before I close, let me say that I am very pleased that Senator Carl Parker, the chairman of the Senate Education Committee, has agreed to sponsor our Excellence Program.

I also want to thank those of you here today for your fine efforts in implementing all of the changes to our educational system. I know that many times your task has been difficult, but your dedication and your commitment have never disappointed us.

Our Excellence Program seeks to build on the improvements that you are already making. Working as partners, I know that we can continue to move forward.

END

Legislature '89

Senate finance panel approves \$46.75

AUSTIN (AP) — Lawmakers Monday continued on the path of writing a state budget as the Senate Finance Committee formally approved a proposed \$46.75 billion spending plan.

The Senate committee also approved a \$330 million bond proposal to provide for 5,800 prison beds. The financing would have to be approved by state voters.

The action follows Friday's adoption by the House Appropriations Committee of an approximately \$46.9 billion plan for the 1990-91 biennium.

The House prison plan would

spend \$108.2 million in tax dollars for 4,250 new prison beds.

Both the House and Senate budget plans also call for spending almost \$138 million in bonds approved by voters in 1987 for 5,000 prison beds, including a 500-bed psychiatric unit. Legislation to start that construction has been sent to Gov. Bill Clements.

Clements has called for a total of 10,800 beds, which would be achieved under the Senate plan but not under the House's. But Monday he said he expects a compromise.

"We'll probably end up with 10,000 beds. That's what I understand," Clements said.

Although the Senate and House budgets — roughly 10 percent more than current spending — are close in dollars, they differ widely in funding critical state services, such as prisons, education, and health and human services.

And the two bills take different funding approaches.

House Appropriations Committee Chairman Jim Rudd, D-Brownfield, said his panel's proposal can be funded without a tax increase, while Senate budget writers say their plan requires an increase in the cigarette tax.

But Senate Finance Chairman

Kent Caperton, D-Bryan, said, "It sounds like we're going to be able to reconcile our differences."

Both the Senate and House will vote on their respective committee reports, and if approved a conference committee will be selected to negotiate the differences. Caperton said the full Senate will take up the Finance Committee's bill this week, while House members are expected to vote on their proposal within two weeks.

House budget writers appropriated \$500 million to try to equalize public school funding; the Senate, \$400 million.

In higher education, the Senate's \$743 million increase would boost faculty pay about 7 percent for each year of the two-year budget.

The House's higher education increase of \$650 million would increase faculty pay by 3.4 percent for the first year of the budget period. It also includes a \$115-per-month pay increase for higher education staff.

The Senate panel appropriated \$350 million for a general state employee pay raise, but senators have yet to decide how to allocate that raise. The House's \$300 million increase includes a pay raise to help offset insurance increases.

The proposed Senate bill would increase funding to health and human service agencies by nearly \$1 billion, while the House bill increases it about \$670 million, according to preliminary figures.

Caperton said the Senate bill will require a 7-cent-per-package increase in the cigarette tax, even though state Comptroller Bob Bull-ock has indicated that because of the improving state economy, more tax dollars will be forthcoming.

Caperton said senators have already taken into account the promise of more revenue and still need the cigarette tax increase.

State Budget

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Texas

**Five Point Plan
for Agricultural
Development**



Report of the Governor's Task Force on Agricultural Development

December 1988

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Report

Governor's Task Force on Agricultural Development

Foreword

The forces influencing the Texas economy are changing rapidly. Population shifts, market demands, global competition, and emerging new technologies are combining to prompt a re-examination of the state's economic base, its strengths and weaknesses, and the charting of a new course for the future. Agriculture, one of Texas' largest industries, figures prominently into any state action agenda for economic development. This report deals with the recommendations of a state-wide Task Force that examined the critical issues and opportunities for Texas agriculture.

Governor Bill Clements established the Governor's Task Force on Agricultural Development in his Executive Order WPC-88-6 dated April 21, 1988 (Appendix I). The Task Force was asked to (1) review the recommendations of earlier task forces and committees on agriculture reporting to Governor Clements and to develop an outline for discussion and further study, (2) develop proposals for legislation for the next session of the Legislature relevant to implementing a comprehensive agriculture program, and (3) study policy alternatives and issues important to Texas agriculture prior to Congressional consideration of the next federal farm bill.

The Executive Order established five committees of the Task Force. The Task Force membership, and their assignment to individual committees is shown following this foreword. The Chairmen of the Committees were members of an Executive Committee that provided planning and leadership and acted on behalf of the full Task Force in final review of the report. The Committees were:

1. Rural and Economic Development
2. Agricultural Research and Technology
3. Taxation and Finance
4. State Planning
5. Federal Issues

The Task Force met three times. Its inaugural meeting was held on May 16, 1988, where Governor Clements issued the charge and Deputy Secretary of Agriculture Peter Myers addressed the Task Force. The second meeting was held on June 8, 1988 and the third meeting was held on July 19, 1988. The Executive Committee met separately on September 23, 1988 to make final review of the draft report.

Three public hearings were held by the Task Force at Lubbock, Dallas, and San Antonio. Seventy-three individuals presented testimony, some on their own behalf, others on behalf of the many farm, ranch, and commodity organizations of the state. The public testimony produced more than 240 issues that were referred to appropriate committees of the Task Force for further study.

There were important contributions made by a number of advisors to the Task Force, including several key legislators such as Senator Bill Sims, Representative Dudley Harrison (Chairman of the House Agriculture and Livestock Committee), and Representative Dick Waterfield. The Advisors, who participated fully in the meetings of the Task Force, are listed in Appendix II.

In addition, there were a number of invited speakers addressing both plenary sessions of the Task Force and individual Committees. These individuals are shown in Appendix III. The Task Force expresses its appreciation to all these individuals for their active participation.

Technical advisors to the Task Force were provided by the Texas Agricultural Experiment Station, the Texas Agricultural Extension Service, and the College of Agriculture of The Texas A&M University System (TAMUS). Dr. Neville P. Clarke, Director of the Texas Agricultural Experiment Station, coordinated the activities of the technical advisors. An advisor was assigned to each Committee and assisted in providing technical background and expertise as requested and documented the deliberations and conclusions of the Task Force members in this report. The report was edited and prepared in final draft by the technical advisors and staff at TAMUS. The Technical Advisors are listed in Appendix IV. The Task Force expresses deep appreciation to these individuals who were helpful at each juncture of the activities of this group.

The Task Force is pleased to submit this report to Governor Bill Clements with the hope that it meets the needs of his office.

Jerry Harris
Chairman

Membership of the Governor's Task Force on Agricultural Development

Jerry Harris Lamesa, Texas	Chairman
Dr. Neville P. Clarke Texas Agricultural Experiment Station	Executive Committee
Dr. Perry Adkisson Texas A&M University System	Executive Committee
Clark Willingham Dallas, Texas	Chairman, Rural Economic Development Committee
J.D. Woods, Jr. Katy, Texas	Chairman, Research & Technology Committee
Jimmy Powell Ft. McKavett, Texas	Chairman, Taxation & Finance Committee
Billy Bob Brown Panhandle, Texas	Chairman, State Planning Committee
S.M. True Waco, Texas	Chairman, Federal Issues Committee
Allen Anderson Raymondville, Texas	Rural Economic Development Committee
Robert L. Parker Paris, Texas	Rural Economic Development Committee
Don Smith Sulphur Springs, Texas	Rural Economic Development Committee
John Birdwell Muleshoe, Texas	Research & Technology Committee
D.V. Guerra Edinburg, Texas	Research & Technology Committee
Bill Skov Clint, Texas	Research & Technology Committee
Frank Barrett Hereford, Texas	Taxation & Finance Committee
Othal Brand McAllen, Texas	Taxation & Finance Committee
Dave Nix Lamesa, Texas	Taxation & Finance Committee
Jane Ann Stinnett Lubbock, Texas	Taxation & Finance Committee
Jay Anderson East Bernard, Texas	State Planning Committee
Libo Hinojosa Mercedes, Texas	State Planning Committee
James Neal Pearsall, Texas	State Planning Committee

Lonnie "Bo" Pilgrim
Pittsburg, Texas

State Planning Committee

Dale Hunt
Garwood, Texas

Federal Issues Committee

Bob Josserand
Hereford, Texas

Federal Issues Committee

Worth Matteson, III
DeKalb, Texas

Federal Issues Committee

Keith Spears
Vernon, Texas

Federal Issues Committee

Executive Summary

The food and agriculture system in Texas is the second largest industry in the state. Receipts at the farm gate are only the beginning of the economic impact of this vast complex of interrelated activities. Taken in the aggregate, the food and agriculture system of Texas generates an economic activity in excess of \$70 billion per year. The system provides more than 20 percent of all the jobs in Texas. The provision of food and fiber is vital to every Texas consumer; every urban dweller is involved in agriculture. Agriculture is the number one source of renewable wealth, drawing on the rich and abundant natural resources of the state.

Texas agriculture stands today at the crossroad of problems and opportunities. Problems arise from more than half a decade of substantial recession for some elements of the industry, from an inherently higher risk environment for production agriculture, and from an under investment in the processing or adding of value to the raw products at the farm or ranch gate.

Opportunities for Texas agriculture more than offset the problems and, with proper planning and direction, the outlook for this element of the Texas economy can be substantially brighter in the decade of the nineties. Opportunities include a major advantage in climate and natural resource base, an available work force, excellent managers with growing sophistication, and the possibility of introducing new knowledge and technology that will allow the establishment of new agricultural industry and a restoration of health and vigor to established operations.

Bringing opportunity to bear on problems requires development of an agenda and action plan for the Governor and other state leaders.

Recognizing this need, Governor Bill Clements appointed the Governor's Task Force on Agricultural Development, a group of 26 agriculturalists occupying positions of statewide leadership in the industry. He charged the group to develop an agricultural action agenda for Texas.

The Task Force has developed a Five-Point Plan For Agricultural Development. The plan includes 61 specific actions recommended for the Governor's office and other parts of state government. Of the critical actions recommended by the Task Force, 15 are identified in this summary because of their special importance and potential for results. The individual chapters of the report which follows provide specific and more detailed analysis and conclusions of the five committees of the Task Force.

The five point plan with its 15 critical actions are shown on the following two pages.

Five-Point Plan for Agricultural Development

1. Create an improved environment for agricultural and agribusiness growth and economic development in rural areas of Texas through new and expanded initiatives in the Texas Department of Commerce, and greater coordination among state agencies.
 - Support creation of and funding for an agribusiness and rural economic development section in the Texas Department of Commerce with specific responsibilities for promoting rural economic development opportunities, developing and maintaining information databases, and coordinating appropriate state and federal agencies.
 - Encourage and assist the Joint Select Committee on Worker's Compensation to restructure the rules and procedures to eliminate lump-sum payments, increase the authority of the Industrial Accident Board, allow self-insurance for financially qualified business, allow coverage that offers deductibles, and other such changes and improvements.
 - Support legislation that expands the agriculture exemption to include intrastate movements of food and fiber products.
 - Support legislation that encourages tort reform to reduce the burden of liability risk to agriculture and rural businesses.
 - Promote and support emphasis on conservation and management of quantity and quality of water resources as provided for in the current Texas Water Plan.
 - Support appropriations by the Legislature for an expansion of the state's agricultural science and technology base to enhance economic development. The new resources should be targeted toward technologies that will add value to raw materials produced in the state, spawn new science-based industries, conserve the state's natural resource base, and increase productivity. This strategy should include the establishment of academic centers of excellence in areas critical to entrepreneurial interests and enhanced competitiveness for federal and industry funds.
 - Create and fund within the Texas Department of Commerce a challenge grant program. This new program would stimulate the development of new science-based industry by requiring a 3:1 matching dollar component for start-up costs.
 - Advocate that the Texas congressional delegation pass legislation that would include economic considerations in all environmental regulations.
2. Expand agricultural research and technology transfer programs in Texas to capitalize on the opportunities provided by emerging market forces and changing environmental conditions.
3. Increase Texas' impact at federal level to influence agricultural, regulatory, and economic policies.

- **Work with the Texas Congressional delegation to bring more federally sponsored laboratories, institutes, and federal/state centers for agricultural research and life sciences to the state.** The Institute of Biosciences and Technology at Houston and the Plant Stress Laboratory at Lubbock are two current opportunities. These institutions will forge new relationships within the state's scientific community, and provide national leadership in their respective missions.
 - **Work with the Texas Congressional delegation to support development of IRS rules and regulations that implement the passive provisions of the 1986 Tax Reform Act.** This will provide incentive for farmers and ranchers to diversify their operations and encourage the investment of private capital into agriculture.
 - **Work with the Texas Congressional delegation to amend the tax code to reinstate income tax averaging and, thereby, recognize the volatility of income involved in farming and ranching.**
 - **Support legislation to amend the Rural Industrial Development Act to allow the Rural Industrial Development Loan Fund to become the Texas Rural Economic Development Fund.**
 - **Support the Texas Agricultural Diversification Program** to improve access and efficiency in generating new opportunities for agriculture.
 - **Encourage dialogue on the potential for creating a trade agreement with Mexico,** comparable to that signed with Canada, with the U.S. Trade Ambassador and the Departments of State, Commerce, and Agriculture.
 - **Regularly monitor GATT trade negotiations and obtain appropriate evaluations of the impacts on Texas producers.**
 - **Support the expansion of the exports of farm commodities,** through programs such as export enhancement, and work to avoid export market disruptions such as embargoes.
4. **Establish new value added agricultural industries and businesses in Texas through concerted efforts to identify opportunities and encourage their development.**
5. **Expand state initiatives to foster greater international trade in agricultural commodities and value-added food and fiber products.**

The following sections of the Task Force report provide a detailed summary of the findings and recommendations of each of the five committees. Each section provides a background and delineation of the problems and issues of concern, identifies important strategic objectives to guide planning, and presents specific actions which are recommended to achieve the objectives. With no specific priority intended, these reports are presented in the following sequence: Rural Economic Development, State Planning, Agricultural Research and Technology, Taxation and Finance, and Federal Issues.

Agriculture in Perspective

Texas agricultural products are the basic necessities of life — food, clothing, and shelter — utilized by everyone in the state. The Texas economy is large and rapidly changing. Agriculture is also evolving in response to many broad technological, environmental, and market forces. Before presenting the results and recommendations of the Task Force, it is appropriate to describe agriculture and agribusiness in Texas and the forces which must be recognized in planning for the future.

Texas ranked third among states (after California and Iowa) in cash receipts from agriculture in 1987; with estimated cash receipts at the farm/ranch gate of approximately \$10.6 billion. Food and agriculture account for approximately 20 percent of all jobs in the state, providing a total economic activity of more than \$70 billion per year. Taken in the aggregate, food and agriculture represent the second largest industry in Texas after oil and gas and related petrochemical industries. It also makes a significant export contribution to the nation's balance of payments.

Texas agriculture is unusually diverse as a result of a correspondingly diverse state geography. More than 60 economically relevant commodities are grown in the state with major opportunities for new crops and diversified agriculture. Texas is highly dependent on ground water for irrigation; a resource which becomes more precious as municipal and industrial needs increase each year. Relatively unpredictable and often extreme weather conditions add substantially to the risk associated with agriculture in Texas.

The largest commodity in the state is beef cattle. The largest agronomic crop is cotton. Texas ranks first in the nation in sales of cattle and calves, sheep and wool, goats and mohair, cotton, spinach, value of farm real estate, number of farms and ranches, total acres in farms and ranches, and total livestock on hand; farm financial assets total about \$64 billion. Texas has 160,000 farms averaging 838 acres.

While Texas agriculture is dynamic and progressive, hard times have fallen on many of its traditional parts. Texas agriculture may now be in its most rapid state of transformation. Some elements of the industry have regained momentum from the recession of the first half of the decade, other crops and some regions of the state remain substantially depressed. Some crops and regions are overly dependent on federal farm programs for survival, a situation that must be remedied through development of a more competitive position for Texas crops in the national and international marketplace.

Generating this improved position will require discovery and use of improved technology and management that will reduce the cost of production, create products with greater consumer value, and enhance post-harvest shelf life. Texas' position will be enhanced by enlightened policies on trade, taxation, transportation, and environmental regulation. An important concept in the overall strategy for agriculture is the fact that a relatively small increment in unit economic activity for very large volume industries (commodities or products) can have as great or greater impact than the spawning of an entire new small industry. It is not suggested that either opportunity be overlooked, but that both be kept in mind.

A major opportunity to expand the Texas economy lies in the area of agribusiness, the off-farm/ranch activities related to agricultural production, including the supply of production inputs and services as well as food and fiber processing, manufacturing, transportation, and trade. Significant portions of the state's finance industry also involve agribusiness.

The economic impact of agribusiness is about 9 percent of the total value added to the Texas economy; the national average is 20 percent. This large difference means that too much of Texas' agricultural processing and input-supply production takes place outside the state. In terms of new development, a 1 percent increase in value added agribusiness would add about \$2.2 billion in total economic activity in Texas. An increase from the current 9 percent to the national average of 20 percent would add more than \$24 billion to the state's annual economic output.

Major breakthroughs in the sciences basic to agriculture offer new opportunity not only to enhance agricultural productivity in Texas, but also to spawn a series of new biologically based agribusiness enterprises that will parallel the development of other new industries such as those based on micro-electronics.

Agriculture in Texas and elsewhere is moving rapidly toward more sophisticated higher technology production and marketing methods. Such change creates opportunity. As new technologies emerge, successful business investment will be made by those who first adopt the innovation — either in its production or its use. Future success in “high-tech-agriculture” depends upon the development of high technology in production, processing, and marketing and upon the creation of a technical, financial, and business climate for applications. Texas provides an expansive market for early adoption of new technologies in numerous crop and livestock areas, providing the catalyst for larger export markets nationally and internationally.

This report delineates priority actions that can be taken to help coordinate federal, state, and private sector activities to produce accelerated agricultural development in Texas.

Rural Economic Development Committee Report

Introduction

Rural economic development consists of efforts to develop and diversify the economic base of rural (non-metropolitan) areas to promote business stability and expansion and encourage job creation in rural Texas. Such development is essential to Texas agriculture because of the mutual interdependence among agricultural production, agribusiness, and other rural businesses and services. Rural development has received increasing emphasis in recent years as the interrelationships between agriculture and rural areas have become apparent and the impacts of the downturn in the farm economy on rural communities have become evident. In this section of the report, the Rural Economic Development Committee's evaluation of the issues underlying the importance of rural development efforts, the strategic objectives and goals for such efforts, and its recommendations for actions to achieve these objectives and goals are described.

Background

Texas agriculture and rural communities are interrelated and interdependent. These communities provide the locus for many industries that provide inputs essential to agricultural production and offer extensive opportunities for off-farm employment, particularly among producers operating small farms.

With the 1980s decline in farm income and in income from other natural resource-based industries, many rural communities in Texas have suffered losses in their employment base and in their populations. U.S. census bureau estimates show that the state's non-metropolitan counties experienced net outmigration of more than 38,500 persons between 1984 and 1987. Of the 84 counties in the state with 25 percent or more of their work force employed in agriculture, 77 percent were experiencing net outmigration by the mid 1980s. In the heavily agricultural panhandle and south plains regions of the state, more than 60 percent of all communities were showing population decline by 1986.

Reduced economic activity and population decline in rural areas have also resulted in increased service and fiscal problems for rural areas. Because of the decline in natural resource-based industries such as agriculture and gas and oil production, many of the state's counties have experienced severe declines in their tax bases. These fiscal conditions, coupled with reduced service populations and declining income bases in rural areas, have led to the closing of numerous public service facilities, such as rural hospitals, and also to severe financial stress for many local school districts and other governmental jurisdictions.

Concerted economic development is needed to reverse this trend. Unnecessary barriers to such development must be eliminated. For example, individuals in rural areas are often unaware of which public services are available to them for developing the management expertise, financing, and marketing skills necessary for economic success. Even when the existence of assistance is known, the federal, state, and local agencies providing services are numerous and the differences among the types of services provided by such agencies are difficult to identify. At the same time, the opportunities for development in rural areas are often not adequately known by industries that might wish to locate in a rural locale and by the public sector agencies that seek development opportunities for the state. Equally restricting is the relatively limited research emphasis and base of research information available to assist public and private entities in identifying the elements likely to promote successful development.

In addition, for some entrepreneurs, the funding necessary to assess the feasibility of a proposed development is unavailable, and for a few businesses, the problems of obtaining adequate capital limit the opportunity for them to produce and market their products. In yet other cases, existing regulations and governmentally induced costs for doing business are limiting the growth and development of businesses in rural areas in Texas.

Strategic Objectives and Recommended Actions

To encourage rural economic development in Texas, the committee recommends seven actions to achieve four objectives. Central to the objectives and actions recommended is the intent of increasing

the efficiency and effectiveness of existing organizations and services having economic development missions in rural areas in the state while creating a minimum level of new services and programs. In pursuing these actions, the committee believes that it is essential to recognize that not all development efforts will be successful. High rates of failure among small businesses, such as those that predominate in many rural areas, are likely to continue. Population decline will probably continue in some areas, and further consolidation of services in rural areas will probably be necessary. It is also necessary to recognize that rural economic development and diversification must come primarily as a result of private sector efforts. The potential economic opportunities in rural areas in the state can best be identified and developed through the actions of creative individual entrepreneurs. Public sector support for rural economic development must be highly selective and targeted at economically feasible developments based on private sector initiatives.

Strategic Objective I

Develop new value added, agricultural processing and other businesses aimed at developing the natural resources of rural Texas.

Critical Issues

Rural areas in Texas provide numerous opportunities to develop new value added agricultural and other businesses. This is particularly true if opportunities related to the strong agricultural bases of such areas are more effectively utilized to increase the amount of processing of agricultural products done within Texas and if nontraditional industries such as recreation and tourism are more effectively promoted.

Actions

To encourage the development of new value added agribusinesses and other businesses in rural Texas, the Committee recommends the following actions:

1. Governor should support legislation to amend the Rural Industrial Development Act to allow the Rural Industrial Development Loan Fund to become the Texas Rural Economic Development Fund.
 - the fund should continue to be administered by the Texas Department of Commerce.
 - the program should allow for funds to be utilized to expand the Food and Fiber processing industry.
 - the program should include emphasis on increasing international trade and markets.
 - the program should be expanded to allow for loans to be made to enterprises in communities of a population up to 50,000.

Strategic Objective II

Promote appropriate coordination among agencies involved in the provision of technical assistance and economic development services in rural areas in Texas.

Critical Issues

A large number of agencies and organizations provide services aimed at increasing economic development in rural areas. These include the Farmers Home Administration, the Texas Agricultural Experiment Station, the Texas Agricultural Extension Service, the Texas Department of Agriculture, public and private utilities, chambers of commerce, and numerous others. Unfortunately, the availability of such services is not well known by public or private entities in rural areas. In like manner, the economic development needs of rural areas are often not sufficiently understood or promoted by federal, state and other entities charged with promoting general economic development. Finally, rural development involves forms of development beyond those with an agricultural base, and the need to extend and diversify the economic base of rural areas must be recognized and encouraged. To do so requires rural development concerns to be included within the state's overall economic development programs and planning processes.

Actions

The committee recommends continued support for existing rural economic development programs such as the Texas Agricultural Extension Service, the Farmer's Home Administration, the Texas Agricultural Experiment Station, and similar agencies. To promote greater emphasis on rural economic development within the state's overall economic development program, the committee recommends:

1. The creation and funding of an agribusiness and rural economic development division in the Texas Department of Commerce with specific responsibilities to develop and diversify the economic base of rural areas, to promote business stability and expansion, and encourage job creation by:
 - working with local and state entities to identify businesses that may be looking to expand or relocate, especially targeting the food and fiber processing industry. The Office of Community Initiative would help to develop incentive packages to assist in the negotiating of the relocation or expansion.
 - promoting economic development opportunities available in rural areas in Texas among business and industrial developers and state and federal agencies through activities such as an annual rural economic development fair.
 - developing memoranda of agreement to assist in coordinating other state agencies involved in agribusiness or rural economic development and marketing.
 - participating with the Office of Community Initiative in the Texas Department of Commerce in developing and maintaining information databases that would be available to communities and individual entrepreneurs for rural economic development.
- (NOTE: Also recommended by the State Planning Committee.)
2. The Governor should appoint a person with an agricultural and/or agribusiness background to the Texas Department of Commerce Governing Commission.

Strategic Objective III

Maintain and expand existing businesses and services in rural Texas, particularly those essential to agricultural production and processing.

Critical Issues

Many existing rural businesses are under stress because of the decline in the agricultural economy and in other natural resource industries in Texas. If these businesses are to survive and expand so that agricultural producers and other rural residents can obtain inputs for production and critical services within reasonable distances from their farms, ranches, businesses, and homes, barriers to their development must be removed and opportunities for expansion enhanced. This involves the removal of unnecessary regulatory burdens, improved opportunities for management and vocational education and training for rural business operators and other rural residents, and the maintenance of critical services in rural areas.

Actions

To maintain support and to expand existing businesses and critical services in rural Texas, the committee recommends the following actions:

1. Support adult and vocational training to improve management and job skills of persons in rural areas; create emphases to address the specific needs of rural residents within existing programs and agencies.

(NOTE: This Committee had action items related to Worker's Compensation; trucking regulations, unemployment insurance, and tort reform that are spelled out in the State Planning Committee report.)

Strategic Objective IV

Maintain support for the research and technical assistance base essential to rural development in Texas.

Critical Issues

Of critical importance to the development of rural areas in Texas is the continued accumulation of new knowledge of the factors that lead to successful rural developments, of the socioeconomic costs and benefits of alternative forms of providing private and public services, and of the implications of evolving trends for rural economies, populations, service and fiscal bases, and the social structure of rural areas. Equally important is the need to disseminate such information to rural residents to enhance their technical and educational base and to allow them to more effectively compete in national and international markets. Although present financial conditions severely limit the opportunities for program expansion, continued support for such services should be given high priority at existing levels of funding and should be enhanced if additional funding becomes available.

Actions

To promote the continuation and potential expansion of rural development research and technical assistance, the committee recommends:

1. Continued support for appropriations for rural development research and technical assistance programs.

State Planning Committee Report

Introduction

The State Planning Committee was asked to focus on issues and to develop recommendations regarding the coordination of state government agencies in addressing the agricultural development agenda. The committee directed its attention to a number of different issues through invited presentations and public hearings. If the issues addressed had implications for the agenda of other committees, the primary focus was given to coordination of state agencies, development and dissemination of information, and the establishing mechanisms for increased visibility and consideration of agricultural development in state government.

The committee identified four strategic objectives that define the primary issues and concerns. This report presents those strategic objectives, and recommends actions that can be undertaken to address each objective. In many cases, recommended actions will serve more than one objective.

Background

Nine agencies identified in the state budget have primary responsibilities relating to agriculture. These are the Texas Department of Agriculture, the Texas Agricultural Experiment Station, the Texas Agricultural Extension Service, the Texas Forest Service, the Rodent and Predatory Animal Control Service, the Texas Veterinary Diagnostic Laboratory, the Natural Fiber and Food Protein Commission, the Animal Health Commission, and the Soil and Water Conservation Board. These agencies provide many of the programs already in place that impact on agriculture.

Many other dimensions of state government also have major significance for agriculture but are not part of the traditional agencies. Of particular interest and concern are the Texas Water Development Board and the newly organized Texas Department of Commerce. Beyond these, other agencies such as the Railroad Commission and the Highway Department have important, though more indirect, impacts on agricultural development and competitiveness. The emphasis of review and discussion within the State Planning Committee was on ways to focus and enhance the impact of all these agencies in addressing the agricultural development agenda.

Strategic Objectives and Recommended Actions

Agricultural development consists of several major elements. These include fostering new and expanded agribusiness enterprises, developing new value added processing industries, maintaining the competitiveness of the already large and diverse agricultural economy, and expanding relationships in the international sphere, particularly with Mexico. The strategic objectives adopted by the committee reflect these four major areas of opportunity.

Strategic Objective I.

Enhance organization and coordination among and within state agencies to address emerging agricultural development problems.

Critical Issues

Agricultural agencies of state government each have unique responsibilities growing out of needs for regulatory, development, research, and educational programs. These separate agencies have their own agenda and priorities influenced by unique perceptions of the problems and opportunities, availability of resources, and organizational structure. Coordination among agencies has evolved over time.

The economic development agenda at the state level is changing rapidly. A new state agency, the Texas Department of Commerce, will soon become the focal point for much of the activity in this area. A new state-wide Chamber of Commerce has just been formed. Economic development of rural areas and the development of agricultural and related agribusinesses must be coordinated on this larger scale. The

activities of state government can be critical in providing support, removing barriers, and generally increasing the success of agricultural development initiatives.

Actions

1. Establish an inter-agency council on agricultural development with representatives from all relevant state agencies.
 - Schedule meetings on a regular basis.
 - Establish lines of communication among agencies in a more formal manner.
 - Exchange information and develop cooperative programs and new initiatives.
 - Reduce potential for competitive or duplicative programs.
 - Schedule periodic meetings with representatives from agriculture, agribusiness and the general public such as commodity groups, farm organizations, agricultural labor, and consumer groups.
2. Encourage all state agencies to make information and services accessible to individuals, farm organizations, commodity groups, and agribusiness firms throughout the state.
 - Develop collaborative programs of information dissemination among state agencies utilizing existing networks such as the Texas Agricultural Extension Service whenever possible.

Strategic Objective II.

Increase food and fiber processing and value added to agricultural and forestry products in Texas.

Critical Issues

The large and diverse agricultural industry of Texas produces many food and fiber commodities and forest products. Economic growth in agribusiness can be enhanced through the conscious efforts of state agencies to encourage development of industries that convert these raw commodities into consumer and industrial goods. In 1985 shipments of Texas food manufacturers were \$18.9 billion, \$6.4 billion of which was value added in manufacturing.

Accomplishing this objective will not be easy or automatic. Many states are looking at value added agribusiness potential, and competition is growing to attract such economic activity. Careful development of balanced growth strategies is needed, strategies that focus on developing new food and fiber processing ventures and encouraging growth from within the state. Constraints which must be addressed include lack of information on investment opportunities, overly restrictive regulation of transportation rates for manufactured goods, and the need for increased development and transfer of new processing technology.

Actions

1. Establish and promote policies that encourage development and transfer of technology and new investment in Texas food- and fiber-processing industries.
 - Promote an agribusiness “incubator,” as proposed in the Texas Agricultural Diversification Program.
 - Support the Texas Agricultural Finance Authority as currently structured to enhance new food- and fiber-processing and marketing ventures.
2. Promote initiatives in trade development and export enhancement that increase markets for Texas value-added food and fiber products.
 - Encourage continued federal initiatives designed to reduce trade barriers through GATT and other negotiation processes.
 - Support State of Texas trade development initiatives in the Texas Department of Agriculture and the Texas Department of Commerce.

3. Improve transportation systems and services.

- Support legislation that expands the agriculture exemption to include intrastate movement of food and fiber products.
- Maintain emphasis on high-level maintenance of Texas highways and bridges.
- Establish a state-wide coordination effort in support of further development of Texas deep-water ports.
- Work with the Texas Congressional Delegation to ensure that regulation of farm trucks is consistent with their limited use.

(NOTE: Also recommended an action on agribusiness development that is found in the Rural Economic Report.)

Strategic Objective III.

Focus state government programs and activities to maintain profitability and competitiveness of Texas agriculture.

Critical Issues

Agriculture is a major part of the state's economy and is the number-one renewable economic resource. It is a resource-based industry which, with proper management, will continue to grow and develop without depleting its resource base. Developing and implementing appropriate management strategies is a key ingredient in the success of reaching this objective.

Managing agricultural systems is largely a function of the private sector. However, the complexity of emerging technology, increasingly global markets, and greater competition from other economic sectors for access to natural resources combine in a way that calls for greater involvement of state government. Programs relating to water, soil, pesticide use, agricultural labor, and marketing are examples of ways in which the fundamental well-being of agriculture is influenced by state agencies and activities. Balancing these competing forces while maintaining a vital and supportive business environment is a challenge to all public agencies with programs related to agriculture and natural resources.

Actions

1. Integrate into the state's economic planning and development strategies, in all agencies, a recognition that agriculture is a major part of the state's economy and is the number-one renewable resource of Texas.
2. Promote and support emphasis on conservation and management of quantity and quality of water resources as provided for in the current Texas Water Plan.
3. Develop equitable policies for regulation and management of the state's total water resources, while considering the impact of change on legal, social, and economic concerns.
 - Determine effectiveness of a pilot program that provides loans to encourage water use efficiency and conservation, and encourage necessary redesign and expansion of this program.
 - Establish research data collection initiatives in appropriate agencies to develop methods to protect the state's water quality.
 - Expand technology transfer and education programs regarding application of water-conserving and efficiency-enhancing technology.
4. Review and encourage agricultural diversification through the Texas Agricultural Diversification Program to improve access and efficiency in generating new opportunities for agriculture.

- Expand efforts to increase awareness of availability of these programs and ways they may be used to enhance agricultural development.
5. Provide for improved Texas Worker's Compensation laws and programs as recommended by the Joint Select Committee on Worker's Compensation.
 - Restructure and increase the power of the Industrial Accident Board to improve efficiency and reduce the cost of administering the program and resolving claims.
 - Allow self-insurance for those financially qualified, and apply stringent standards to ensure prompt and fair delivery of benefits.
 - Clarify and simplify the laws to make them easier for employers and employees to understand.

(NOTE: Also recommended by the Rural Development Committee and the Taxation and Finance Committee.)
 6. Monitor application of Immigration Reform and Control Act (IRCA), and encourage changes that assure an adequate labor force for agriculture.
 7. Support and promote the use of self-help and government assistance programs that are designed to expand both domestic and foreign markets for Texas agricultural products.
 - Expand the use of state and/or federal market orders as a self-help tool to enhance the market orientation of Texas agriculture.
 - Promote cooperative programs among the state agricultural product promotion efforts, those at the federal level, and private sector initiatives.
 - Promote educational and export financing programs through appropriate state agencies to enhance the level of development of foreign markets for Texas agricultural commodities and products.
 8. Support initiatives in public and higher education that promote the increased levels of training and management skills needed as agriculture evolves in a more technologically complex production and business environment.

Strategic Objective IV.

Build improved relations between Texas and Mexico.

Critical Issues

Texas and Mexico share many common interests and problems. Economic and cultural exchanges hold great promise for the future of Texas, the United States, and Mexico. Special initiatives of the state government can be undertaken to encourage further improvements.

Actions

1. Establish a formal exchange program for students and faculty in the agricultural sciences.
 - Support increased funding for travel associated with agricultural research and technology transfer between Texas and Mexico.
 - Support increased scholarship funding and out-of-state tuition waivers for students from Mexico similar to recently passed legislation affecting selected Texas colleges located close to the border.
2. Expand trade initiatives in Mexico to promote trade in products and technology-based agricultural services.
 - Support Texas Department of Agriculture trade programs with Mexico.

- Establish representation of agriculture in emerging trade programs of the Texas Department of Commerce.
- Assist Texas commodity groups to increase trade with Mexico.
- 3. Initiate through existing state programs joint programs with Mexico to identify emerging pest management issues and to develop and test management strategies.
- 4. Promote general educational programs in Texas and Mexico that expand the understanding of problems and opportunities shared by Mexico and Texas.
 - Continue regular meetings among the governors of Texas and adjoining states of Mexico to identify and discuss agricultural development issues.

Agricultural Research and Technology Committee Report

Introduction

The committee was charged with a review of the role of science and technology in agricultural and related industrial and community development. The review encompassed efforts to improve the efficiency of agricultural production, efforts to develop new products and enterprises, and the role of research and technology in environmental concerns. The committee also addressed the adequacy of present policies and investments in agricultural research and technology transfer to meet the needs of the state, and to ensure competitiveness for federal funds.

Federal research and development outlays to agriculture and life sciences are lagging behind outlays to other areas of science. Furthermore, Governor Clements noted in his initial charge to the Task Force that Texas was not getting an adequate share of the federal resources allocated to agriculture research. Most new federal funding for agriculture is targeted for fundamental research, which raises concerns about the maintenance of necessary adaptive research and associated extension efforts to ensure early adoption of new knowledge among the diverse commodities and regions within the state.

Texas is also lagging among agriculturally important states in the ratio of research investment to total receipts received for agriculture. In 1986, the Texas legislature appropriated the equivalent of 0.45 percent of the state's agricultural receipts to research. By contrast, Louisiana committed 1.60, and Florida and California showed 0.90 and 0.57, respectively. The impact of these ratios is even more significant given that the diversity of Texas agriculture approaches that of both California and Florida. Agricultural research and technology also continue to be undercapitalized in terms of cost-benefit ratios. Analysis of a wide array of expenditures for particular commodities and areas of science indicates returns from research in the 30-50 percent range, far above alternative investment opportunities.

The committee identified five strategic objectives that are intended to assure that the state can develop an expanded industrial and economic base by developing and maintaining a competitive advantage in agricultural research and technology in support of Texas agriculture.

Background

This system includes campus-based scientists and technology specialists and regional centers that are particularly sensitive to the process of adaptive research and technology transfer to meet local needs. The system also provides the base to compete for funds through the state's Advanced Research and Technology Program. Such programs accelerate scientific progress, but do not provide a sustained base for agricultural research and technology.

New scientific developments such as biotechnology are providing exceptional opportunities for agriculturally related enterprises to broaden the state's industrial base. Research and technology can also help correct the state's poor ranking in the value added from processing agricultural and forest materials.

The continued health of Texas agriculture increasingly depends on a more complete knowledge base to ensure the permanence of the state's natural resources. Research and technology efforts are essential to the revitalization of Texas agriculture and its agriculturally dependent communities.

Strategic Objectives and Recommended Actions

Strategic Objective I.

Enhance economic activity through research to improve efficiency and competitiveness of Texas agriculture.

Critical Issues

To assure a comparative advantage, the development and adoption of new technology is critical to Texas agriculture. Other nations are rapidly developing their agricultural resources, and increasing their investment in agricultural science and technology. The cost of producing agricultural commodities can be reduced by integrating the results of research in biotechnology, computer-aided decision making, and resource conservation into production systems. For example, rice production costs in Texas have been reduced by 30 percent over the past 3 years through a collaborative effort of the rice industry, the Texas Agricultural Experiment Station, and the Agricultural Research Service, USDA. Research is also needed to develop or improve control strategies for a number of exotic pests that threaten both agriculture and human welfare in the state. The Africanized bee is expected to arrive in Texas by late 1989. The Russian wheat aphid and Hessian fly are imposing new impacts on wheat production, and the rice borer will reach the rice belt in the next growing season. Computer-aided decision systems are also needed to reduce the risks associated with market, finance, weather, and pests.

Actions

1. Support the maintenance of a broad-based research and extension capability in the state, extending from basic discovery to adaptive research and technology transfer activity.
2. Support incentives to private agricultural interests for cost-sharing of high-priority research and technology programs.

Strategic Objective II.

Stimulate economic activity by creating new agricultural opportunities and industries through agricultural research and technology.

Critical Issues

Development of recombinant DNA technologies has created the potential for new industries and for dramatic evolution of the existing industry. Texas is in a unique position to benefit from agricultural biotechnologies, but must take action soon to capitalize on this new science. Of the 2,057 existing biotechnology firms, only 81 (3.9%) are located in Texas. The distribution of biotechnology firms is closely related to the importance that respective states assign to science and technology through support of research universities, advocacy of industry/university relationships, and availability of "incubator" arrangements to nurture entrepreneurship. Texas agriculture can also be significantly strengthened by placing more emphasis on the development of products and processes that will add value to agricultural, fishery, and forest products in which the state can achieve a comparative advantage. A 1 percent increase in value added agribusiness would add about \$2.2 billion in total economic activity in Texas.

The state's diverse natural resource base offers the potential to research and develop alternative agricultural enterprises, such as kenaf and exotic meat animals, and tailor valuable crops to new locations to increase landowner revenue while stimulating the general economy. In both value added and diversification objectives, product differentiation, convenience, and quality are essential to satisfy consumer needs.

Actions

1. Work with the Texas Congressional delegation to establish more federally sponsored laboratories, institutes and federal/state centers for agricultural research and life sciences in the state. The Institute of Biosciences and Technology at Houston and the Plant Stress Laboratory at Lubbock are two current opportunities. These institutions will forge new relationships within the state's scientific community, and provide national leadership in their respective missions.

2. Work with the Texas Congressional delegation to ensure that the next farm bill addresses research and extension needs of Texas.
3. Support the funding of a new program in the Department of Commerce to stimulate development of new science-based industry by providing matching "incubator" funds. This program could require a 3:1 matching contribution and be used for start-up operational costs.

Strategic Objective III.

Maintain a sound environment through prudent use of natural resources.

Critical Issues

A healthy natural resource base is essential to sustain the state's economic strength and environmental quality. The quality and quantity of available water is particularly critical to the state's future. In 1985, 61 percent of the state's total water use was for irrigated agriculture. This rate cannot be maintained at present levels without developing additional water sources, implementing conservation measures, and developing new water-conserving technologies. Growing concerns about the fate of pesticides, wetlands, fragile soils, and unique biological communities in the state (including endangered species) are requiring new knowledge to develop modified management practices to balance production and protection, and to serve as alternatives to additional regulatory action. The range, forest, and aquatic systems in Texas contribute to the state's welfare in many ways: jobs, water, wildlife and fisheries, range, and a diverse array of recreational values. For example, fish and wildlife systems, including aquaculture, contribute an estimated \$1.1 billion annually to the state's economy, and have significant potential for further development. Biotechnology and artificial intelligence concepts offer dramatic potential to improve productivity of forest, range, and wildlife systems, while assuring the permanence and multiple use of the natural resource base.

Actions

1. Support appropriations for adequate short- and long-term funds for research and extension initiatives on economically threatening exotic pests.
2. Work with the Texas Congressional delegation to ensure that the federal government assumes its responsibility in providing research funds to defend the southern border from exotic diseases and pests, in collaboration with other nations involved as appropriate.

Strategic Objective IV.

Develop economic opportunities for rural communities.

Critical Issues

Declines in demand for goods and services and in property values are threatening the survival of some rural communities and the stewardship of the land resources. The development of new resource-based enterprises and the strengthening of existing agricultural enterprises are the most feasible means of supporting rural communities. Product differentiation and enterprise diversity can stimulate economic opportunities. There is also the need to develop processes and markets to better utilize by-products of agricultural production, e.g. the hides of food animals produced in the state. The development of rural recreation and tourism opportunities and their integration into the growing tourism and business conference industry in the state could contribute to local communities' and the state's economy. The realization of these economic opportunities for rural Texas will require a comprehensive strategy that includes the identification of specific priorities, the development of needed information, and both technical and managerial expertise for producers, processors, entrepreneurs, financial institutions, and state and local economic development organizations.

Actions

1. Support appropriations by the Legislature for accelerating the capability of the Texas Agricultural Extension Service in electronic information delivery systems.

2. Work to facilitate the coordination of state government services and research and extension organizations in meeting the needs of rural communities.

Strategic Objective V.

Enhance public support for agricultural research and technology.

Critical Issues

Public and private investments in research and technology development provide critical benefits to those directly engaged in the agricultural system, to the supply industries, and to the consumer. Given the strategic role of science and technology and growing competition for public funding, it is crucial that the beneficiaries of agricultural research and extension have a better understanding of the role of basic and applied research and technology transfer in their welfare. Companion efforts must be mounted to ensure that state and federal policy makers, budget analysts, and state and federal legislatures recognize the critical importance of including agricultural research and development as part of the high-technology agenda of Texas and that they aid in the procurement of federal funds to address needs of Texas agriculture. The private sector must also recognize the importance of its participation in the direct funding of agricultural research and technology as a means of leveraging state and federal resources. This participation should not be at the expense of state appropriations.

Actions

1. Support appropriations by the Legislature for an expansion of the state's agricultural science and technology base to enhance economic development. The new resources should be targeted toward technologies that add value to raw materials produced in the state, conserve the state's natural resource base, spawn new science-based industries, and will increase productivity.
2. Establish and support an annual Agriculture Research and Development Week to highlight the benefits of research and development to the state.

Taxation and Finance Committee Report

Introduction

Texas faces a continuing examination of taxation and finance policies that will produce revenue needed to support state and local services. Any taxation and finance policy transfers resources from the private sector of the economy to the public sector. An efficient policy is one that raises necessary public revenue in a way that minimumly disrupts the productivity of the private economy.

Texas state and local governments have long depended heavily on the oil and gas industry as a primary source of revenue to support state and local services. This revenue source is diminishing, and new taxation and finance policies will have to be considered. Without this basic revenue buffer, which has generated as much as 20 percent of all state revenues, the Texas revenue system has proven to be inadequate to support current levels of spending. As a consequence, the legislature several times in recent sessions has raised rates on existing taxes and has created new taxes. Although it is not within the scope of this committee to consider the broad spectrum of taxation and revenues available to the legislature, this report does address those taxation and revenue issues that are critical to the overall objective of the Task Force — agricultural development. In addition to taxes, the committee makes specific recommendations related to other state policies that are critical to the health and growth of agriculture and business within Texas.

Background

General tax considerations arise from Texas' current fiscal needs and the impact of the Federal Tax Reform Act. The current revenue system in Texas does not meet the tests of adequacy and stability. That is, the tax base for state and local governments does not grow in proportion to the needs for state and local public spending. The growing sectors of the economy are not taxed, and the taxed sectors are not growing. Hence, the burden of taxation in Texas is increasing.

In response to this situation, the Texas public revenue system is under review by the Select Committee on Tax Equity, which will soon make recommendations to the legislature on any needed revisions in the Texas tax structure. Although the recommendations of the Select Committee are yet unknown, it is critical that the relative tax position of agriculture and rural agribusiness be maintained if these sectors of the economy are to grow and develop. In addition to specific taxation issues, state and federal laws relating to regulation, workmen's compensation, unemployment insurance, and tort liability must be designed to promote a healthy environment for rural business investment and subsequent generation of public revenues through the expansion of the tax base. The recent trends in many of these public interventions into private business operations have not been favorable to the continued health and vigor of agriculture and rural business. If a continuation of these trends limits rural capital investments, the burden of local and state taxation will increase.

Texas laws exempt from sales taxation items purchased by farmers and ranchers to be used in agricultural production (e.g. feed, fertilizer, machinery, equipment, etc.). In 1979, changes in Texas law significantly broadened the eligibility of land for ad valorem tax valuation at agricultural or timber productivity values rather than market values. In addition, the state property tax was eliminated, and all farm personal property held by farmers and ranchers was exempt from ad valorem taxation. Taken together, it is estimated that these tax provisions save farmers and ranchers over \$1 billion per year. This amounts to fully one half of net farm income in Texas and exceeds the value of all federal farm program payments to farmers of the state. These state and local tax provisions are important to the competitiveness of agriculture in Texas and must be preserved. The loss of these provisions would result in bankruptcy by many farmers and ranchers, failure of rural banks and financial institutions, devaluation of rural land, and a flight of capital from agricultural and rural business investments to competing states and countries.

Strategic Objectives and Recommended Actions

Strategic Objective I.

Preserve state and local taxation procedures for agriculture.

Critical Issues

State and local taxation is an important component of the cost structure of agricultural and agribusiness in rural Texas. At both the state and local taxation level, farmers and ranchers enjoy a relatively sound position that enables them to produce agricultural products at costs that can compete in national and international markets. The loss of this tax position would seriously limit Texas farmers' and ranchers' ability to sell their products in the highly competitive marketplace because many major competitors are heavily subsidized by their state and/or national governments.

Actions

1. Work with the State Property Tax Board in developing clear, concise, and enforceable rules for evaluating the qualifications for open-space, use valuation.
2. Support legislation that requires each Central Appraisal District to form a farmer and rancher advisory board to advise and consult with the chief appraiser on open-space, use-value land appraisals of agricultural and timber land for ad valorem tax purposes.
3. Support programs to protect the current status of the homestead in financial agreements by restricting the ability of home owners to use the accumulated equity in homesteads as second-lien collateral.
4. Ask that the Office of the Comptroller, State Property Tax Board, and appropriate state research agencies calculate and publish the impact on farmers and ranchers of all new tax proposals or changes in rules and procedures governing current taxes.

Strategic Objective II.

Enhance Texas agriculture's federal tax position.

Critical Issues

The Federal Tax Reform Act of 1986 contains numerous changes that affect Texas farmers and ranchers and their ability to compete. Because of the diversified nature of Texas agriculture and its unique dependence upon livestock as a major source of income, many of the new federal tax provisions adversely affect Texas farmers and ranchers. Several issues need to be addressed to enhance Texas agriculture's federal tax position. Changing the adverse effects of the Federal Tax Reform Act of 1986 will require initiatives at the federal level to modify current legislation and/or Internal Revenue Service rules and procedures. Private agricultural businessmen and state and federal elected officials will need to initiate this action. Several state and federal agencies may provide assistance with this as well as other tax problems through research and impact assessment of proposed changes.

Actions

1. Work closely with the Office of State-Federal Relations and the Texas Congressional Delegation to encourage the repeal of the diesel and heifer tax provisions of the federal tax policies.
2. Work closely with the Office of State-Federal Relations and the Texas Congressional Delegation to closely monitor and evaluate any proposed changes in the rules and procedures of the federal estate tax laws as they are reviewed in congressional hearings to ensure the continuation of provisions governing the estate transfer of farm and ranch property.
3. Work closely with the Office of State-Federal Relations and the Texas Congressional Delegation to monitor and evaluate the Internal Revenue Service's development of rules and procedures for im-

plementation of the passive income provisions of the 1986 Tax Reform Act. Initiate programs of action within the Governor's Office and the Texas Congressional Delegation that will develop passive income rules and procedures that protect the incentive for farmers and ranchers to diversify their operations and encourage the investment of private capital into agriculture.

Strategic Objective III.

Conservation in state and local government.

Critical Issues

Federal, state, and local government spending continues to be the fastest growing component of the U.S. and Texas economies. This trend transfers an increasing amount of scarce resources (capital) from the private enterprise sector of the economy to the public sector. While it is recognized that effective public services are necessary for a healthy society and that such services are costly, excessive public spending and taxation limits the ability of the private sector to produce necessary goods and services at competitive costs. Evidence of this problem is in the growing general financial deficit and in continually increasing state and local taxes. Attempts to contain the rising costs of government must be initiated by implementing sound business practices, seeking the most effective ways to provide public services, and introducing means to conserve existing public financial resources.

Actions

1. Create an advisory committee on service privatization composed of private citizens and state and local officials to investigate all those areas of public services that may be provided more efficiently by contacts with private individuals or firms.

Strategic Objective IV.

Create a favorable legislative environment for growth in agriculture and business in rural Texas.

Critical Issues

The most productive means of providing increased state and local tax revenue is through the creation of a vibrant and growing private economy in Texas. Economic growth and private investment expands the state and local tax base and enables the government to meet growing public service demands without necessarily increasing tax burdens. The ability to achieve this is influenced significantly by the state and local laws governing business operations, including regulations, taxes, and public services. Texas rates poorly in many of these areas that influence the environment for business growth and development. For example, restrictive regulations in the trucking industry cause Texas' intrastate-hauling rates to be significantly higher than its interstate rates. This fact adversely affects efforts to attract industry to the state. Texas ranks in the top 10 percent of all states in terms of workmen's compensation premiums, but in the lowest 10 percent in terms of benefits. This system obviously needs serious reconsideration if Texas businesses are to compete. Other similar factors such as fraudulent unemployment insurance claims and the rising cost of business liability claims all contribute to an adverse climate for private investment and ultimately to a decrease in the state and local tax contribution of private enterprises to revenue needs. Changes in these factors can stimulate growth and positively affect the expansion of the Texas tax base.

Actions

1. Explore alternative means of providing private-sector venture capital for selected self-developed businesses in rural areas.
2. Monitor and review the Senate Committee on Natural Resources actions concerning the Right-to-Know Law.

(NOTE: This Committee had action items related to Worker's Compensation, trucking regulations, unemployment insurance, and tort reform that are spelled out in the State Planning Committee report.)

Federal Issues Committee Report

Introduction

The importance of agriculture and related industries to the Texas economy, combined with the major effect that federal government programs have on influencing export demand, quantities produced, and cost of production, requires that the State of Texas actively participate in evaluating and influencing federal policy and program decisions. This role can only be effectively performed if the state officials are regularly informed. At times, these issues are of sufficient importance that direct involvement of the Governor becomes essential.

This report is designed primarily to provide advice to the State of Texas on the role of the federal government in agriculture and the need for the State's involvement in influencing federal policy and program decisions. This report overtly avoids commodity-specific program issues which can better be dealt with by farm organizations.

Background

Federal programs designed to support farm prices and incomes date back to the late 1930s. Every 4 or 5 years, a new farm bill is debated by the Congress. Interim legislative changes often are made to deal with particular problems that arise from the instability of agriculture, the complexity of farm programs, changes in the world economy, or the existence of unforeseen program consequences.

The degree of government involvement and the nature of the programs have changed markedly over time. For example, the farm programs in the 1930s to the 1950s emphasized supporting farm prices. Whereas, in recent years, increasing emphasis has been placed on income supplements, leaving prices freer to seek their own market-determined level. Likewise, although some past programs have mandated producer participation, even to the extent of controlling production, farmers now have greater flexibility in deciding their degree of participation in farm programs.

The 1985 farm bill expires in 1990. Therefore, in 1989 the debate will begin to determine the future course of farm policy. Many aspects of the 1985 farm bill were moves in the right direction. For example, decisive steps were taken to make U.S. commodities more competitive in world markets while protecting farm incomes from the effects of subsidies and other barriers to trade that exist throughout the world. However, the 1985 farm bill made U.S. farmers more dependent on the government for their income and, thereby, increased farm program costs.

Farm policy is not determined in a vacuum. It is also a function of trade policy, foreign policy, and macroeconomic policy. The link of farm policy to trade policy is now particularly apparent during the current GATT negotiations and the Reagan Administration's proposals for multilateral elimination of farm program subsidies by year 2000.

Although farmers and ranchers have great concern over the need to protect the environment, they are also acutely aware of the need to compete and survive. The inclination of the federal government to utilize farm programs to achieve environmental regulatory goals has become a major concern to Texas farmers. In addition, farmers, in concert with their elected and appointed representatives, must have the latitude to develop workable means of accomplishing federally mandated environmental goals.

Since the State of Texas is being called upon to play a major role in implementing environmental regulations, Texas should also be in a position to play a decisive role in the development of these regulations. This requires a higher level of intelligence, analysis, communication with farm-related interest groups, and involvement in the policy process than has been typical of state governments.

Strategic Objectives and Recommended Actions

Strategic Objective I.

The federal government should continue to lend support for the expansion of markets for farm products and the promotion of fair trade among exporting and importing countries.

Critical Issues

For most major Texas crops, at least 50 percent of the production must be exported for farmers to realize favorable prices and incomes. Substantial efforts have been made to expand markets for farm products which should now be capitalized on through further promotional efforts and not disrupted by government action. In a trading environment that recognizes substantial principals of fairness, potential exists for expanded exports of both crop and livestock products. Achieving expanded export sales requires concerted efforts and mutual support of the federal government, state government, and producer organizations.

While the ultimate goal of trade negotiations might legitimately be that of completely free trade, in an imperfectly competitive world composed of many country (state) traders, such a goal is difficult, if not impossible, to achieve. Trade negotiations must be pursued from a position of strength with full knowledge of the effects on Texas producers. Every effort must be made to put Texas producers in the best position to compete in international markets. This is the only way that a fair trading environment can be created.

Actions

1. Regularly monitor GATT trade negotiations and obtain appropriate evaluations of the impacts on Texas producers.
2. Direct the Department of Commerce to explore the opportunity for establishing a modern rail transfer facility near the Mexican border to facilitate and expand trade with Mexico and potentially with other Central American countries. Such a project should probably be a joint effort of the Federal and State government with private sector involvement and joint financing.
3. Analyze and foster dialogue on the potential for creating a trade agreement with Mexico, comparable to that signed with Canada, with the U.S. Trade Ambassador and the Departments of State, Commerce, and Agriculture.
4. Advocate with the Texas Congressional Delegation and appropriate Federal agencies such as USDA, EPA, NIH, and NSF, a high level of federal research and extension support designed to increase the competitiveness of agriculture and to assure that Texas universities are in the best position to compete for federal funds.
5. Support the establishment of mechanisms, such as producer checkoff programs, that can be used to expand export markets on a matching fund basis with USDA cooperator monies.
6. Support the expansion of the exports of farm commodities, through programs such as export enhancement, and work to avoid export market disruptions such as embargoes.

Strategic Objective II.

Support the maintenance and fine tuning of the current market-oriented farm policy with the level of income protection required for efficient farmers and ranchers to survive.

Critical Issues

The 1985 farm bill made significant strides in the direction of a more market-oriented farm policy by providing increased assurance that U.S. commodity prices would be more competitive in world markets. For example, loan rates were lowered and the marketing loan was implemented in rice and cotton. What is required in 1990 is not a major change in policy but, rather, a fine tuning of farm program provisions

designed to reduce government take-over of commodity stocks, to avoid distortions or inefficiencies in production, and to reduce the risks of natural disaster involved in agricultural production.

Actions

1. Support expansion of the marketing-loan concept to other major program commodities. In pursuing this action, means should be explored to discourage forfeiture of commodities to the Commodity Credit Corporation.
2. Urge the establishment of loan provisions that do not interfere with exports.
3. Advocate with the Texas Congressional Delegation the expansion and improvement of the Federal Crop Insurance program to reflect more accurately the risk of loss, and also to prevent program abuse.
4. Urge the Texas Congressional Delegation to work for the modification of the tax code to reinstate income tax averaging and, thereby, recognize the volatility of income involved in farming and ranching.
5. Support the combination of the Conservation Reserve Program and acreage reduction program as a means of tailoring production to market needs.
6. Advocate USDA rule changes that make loan rate differentials reflect more accurately the quality of the product as indicated by market forces.
7. Urge the expansion to all agricultural commodities, provisions that put the producers in the position of a secured creditor in the hierarchy of claims.

Strategic Objective III.

Assure adequate consideration of farmers, ranchers, and agribusiness interests in the resolution of environmental issues.

Critical Issues

Environmental regulations, such as those for endangered species, animal rights, and water quality, could create a severe disadvantage or even shutdown significant segments of Texas agriculture. Texas is responsible for enforcing many of these federally mandated regulations and bears most of the enforcement cost. It is critical that Texas have formal channels for input into the regulatory process. This input should include both the regulations and the procedures for implementing them.

Actions

1. Urge federal and state agencies to minimize the use of farm programs to achieve environmental goals. And, when programs such as soil conservation are used, advocate regulations that are practical and reasonable.
2. Advocate federal sharing of the regulatory costs consistent with the distribution of Texas benefits as opposed to those enjoyed by society as a whole.
3. Support analyses of the costs of environmental regulatory enforcement and make these analyses available to the regulators, the Texas Congressional Delegation, the agriculture related organizations, and the general public.
4. Encourage food inspection agencies to provide public assurance that products entering Texas, but produced in other countries, meet U.S. standards for environmental protection and health. Urge increased inspection of products for residues of those chemicals restricted for use in the United States.
5. Establish an intelligence network to provide input into the development of regulatory rules, standards, and guidelines while they are being developed.

Appendix I: Executive Order

EXECUTIVE ORDER

BY THE

Governor of the State of Texas

THE STATE OF TEXAS
EXECUTIVE DEPARTMENT
OFFICE OF THE GOVERNOR
AUSTIN, TEXAS

EXECUTIVE ORDER
WPC-88-6

ESTABLISHING THE GOVERNOR'S TASK FORCE ON AGRICULTURAL DEVELOPMENT

WHEREAS, Texas farmers and ranchers are the backbone of Texas' economy; and

WHEREAS, Texas leads the nation in the number of farms and ranches; and

WHEREAS, Texas is the number-one producer of cattle, sheep, goats, wool, mohair, and cotton; and

WHEREAS, Texas leads the nation with 133.2 million acres used in agriculture; and

WHEREAS, Texas ranks first among the states in the value of farm assets located in the state with nearly 73.1 billion dollars in assets; and

WHEREAS, Texas consistently ranks among the top three states in total cash receipts realized from agricultural production; and

WHEREAS, production agriculture and agribusiness constitute the second largest industry in Texas; and

WHEREAS, the continued development of improved technology and dissemination of information is crucial to Texas' farm programs; and

WHEREAS, the current economic conditions in Texas accentuate the importance of agriculture to the economy of the State;

NOW, THEREFORE, I, William P. Clements, Jr., Governor of Texas, under the authority vested in me do hereby create and establish the GOVERNOR'S TASK FORCE ON AGRICULTURAL DEVELOPMENT, hereinafter referred to as the TASK FORCE.

I. PURPOSE

The purpose of the TASK FORCE is to bring leaders from Texas commodity groups, agricultural organizations, private agribusiness, education, and state government together to address common issues and help develop specific recommendations for action at both the state and national levels.

II. ORGANIZATION

1. The TASK FORCE shall consist of 26 members appointed by the Governor.
2. The Governor shall appoint the Chairman of the TASK FORCE.

3. The Chairman shall designate members to serve on one of the five following committees and shall designate a chairman for each committee subject to the approval of the Governor: the Rural Economic Development Committee; the Agriculture Research and Technology Committee; the Taxation and Finance Committee; the State Planning Committee; and the Federal Issues Committee.

4. TASK FORCE members shall serve without compensation or reimbursement of expenses.

III. FUNCTIONS

The TASK FORCE shall:

(1) examine the recommendations included in the report of the Agribusiness Committee of the Business Development and Jobs Creation Task Force and the recommendations of other previous task forces and committees on agriculture to develop an outline for discussion and further study by the TASK FORCE;

(2) develop proposals for legislation for the next session of the Legislature and assist the Legislature in developing, evaluating and implementing a comprehensive agriculture program; and

(3) study policy alternatives and issues important to Texas agriculture prior to Congressional consideration of the next federal farm bill.

IV. MEETINGS

The TASK FORCE shall meet at the call of the Chairman. The committees shall meet at the call of the individual committee chairmen.

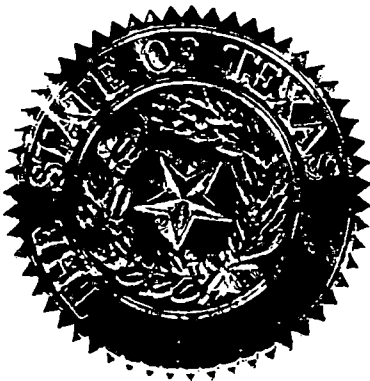
V. REPORTS

On or before September 30, 1988, the TASK FORCE shall submit to the Governor a report of its activities, findings, and recommendations regarding the vital state and federal issues affecting Texas agriculture.

All agencies of State and Local governments are hereby directed to cooperate with and assist the Task Force in the performance of its duties.

This Executive Order shall become effective on this 21st day of April, 1988, and shall remain in effect until amended, modified, or rescinded by me.

Given under my hand this
21st day of April, 1988.



W.P. Clements

William P. Clements, Jr.
Governor of Texas

Jack M. Rains

Jack M. Rains
Secretary of State

Filed in the Office of
Secretary of State
APR 25 1988
Statutory Filings Division
Statutory Documents

Appendix II

Advisers to the Task Force

Edward Breihan
Farm Credit System

Dr. Zerle Carpenter
Texas Agricultural Extension Service

Dr. Sam Curl
College of Agricultural Sciences
Texas Tech University

Vernie Glasson
Texas Farm Bureau, Waco

Terry Harman
Texas State ASCS

Representative Dudley Harrison
Sanderson, Texas

Joe Maley
Texas Farm Bureau, Austin

Charles Scruggs
Editor Emeritus Progressive Farmer

Senator Bill Sims
Texas Sheep & Goat Raisers' Association

Representative Dick Waterfield
Canadian, Texas

Donald Rogge
Farm Credit System

Appendix III

Invitees

Dr. Charles J. Arntzen

Deputy Chancellor and Dean of Agriculture
Texas A&M University System

Mr. LaVerne Ausman

Deputy Undersecretary for Small Community
and Rural Development, USDA

Mr. Daniel Byfield

Texas Farm Bureau

Mr. Fernando Dubove

Co-Coordinator - Texas Project
National Immigration, Refugee
and Citizenship Forum

Mr. David Ellis

Texas Department of Commerce

Mr. James W. Farris

Industrial Development Committee
Paris Chamber of Commerce

Ms. Debra France

Deputy Director for Marketing and Media
Texas Department of Commerce

Mr. Vernie Glasson

Public Affairs Division
Texas Farm Bureau

Dr. Herb Grubb

Director, Water Data Collection
Studies and Planning Division
Water Development Board

Mr. Billy Hamilton

Executive Director
Select Committee on Tax Equity

Mr. Aldolph Janca

Vice President of Governmental Affairs
State Chamber of Commerce

Mr. Joe Maley

Director of State Affairs
Texas Farm Bureau

Ms. Marsha Martin

Federal Credit System

Mr. Brian Mueller

Texas Department of Agriculture

Mr. Philip A. Niedzielski-Eichner

Executive Director WDIC

Mr. Mayo Pena

Farmers Home Administration

Ms. Karla Pope-Osburn

State Property Tax Board

Ms. Larolyn Russell

State Property Tax Board

Dr. Milo Shult

Associate Director
Texas Agricultural Extension Service

Mr. Winston Wilson

U.S. Wheat Associates

Appendix IV

Technical Advisors

Rural Economic Development Committee

Dr. Steve Murdock
Professor and Head
Department of Rural Sociology
Texas Agricultural Experiment Station
Texas A&M University

Agricultural Research and Technology Committee

Dr. Charles Lee
Interim Associate Director
Texas Agricultural Experiment Station
Texas A&M University

Taxation and Finance Committee

Dr. Lonnie Jones, Professor
Department of Agricultural Economics
Texas A&M University

State Planning Committee

Dr. John Nichols, Professor
Department of Agricultural Economics
Texas A&M University

Federal Issues Committee

Dr. Ronald Knutson, Professor
Department of Agricultural Economics
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