

1

Interview with Robert Armstrong, Land Commissioner for the state of Texas, Austin, Texas, December 10, 1974, conducted by Jack Bass and Walter de Vries, transcribed by Linda Killen.

J.B.: Explain just a little bit about what is a land commissioner's role, job, and what is the office and the function. Is that a peculiar position to Texas, at least in the South?

Armstrong: Very. There's no total parallel. When Texas came into the Union, they offered their public land to the United States in exchange for the assumption, by the United States of a debt of some \$10 million. The federal government said "Look, we weren't born yesterday. We just bought Louisiana for \$15 million. There's no way the lands of Texas could be worth \$10 million. So you keep your lands and you keep your debt and we'll accept you." So we made that trade and entered the Union on that basis. The most parallel office that you would probably be aware of would be secretary of interior. We lease all of the public lands for oil and gas. We manage the coastal lands in conjunction with Parks and Wildlife for recreation and that sort of thing. But our primary function is as a proprietor and a leasor of the public lands.

J.B.: Part of this is set aside for public schools and part for higher education?

Armstrong: It is separate. There are certain lands that are dedicated to the universities, which the universities manage. But, by

tradition, the land commissioner has served as chairman of the universities' board for lease in terms of minerals. We have no jurisdiction over what they do in their service leasing. The total area that the office has jurisdiction over is 22.5 million acres, which is an area just larger than Maine and just smaller than Illinois. 22.5 million acres is just a number, to most people and was to me until I tried to equate it with some other land mass. But it's pretty well scattered. Most of it is the coastal areas, submerged lands, out for three marine leagues. And then we have a very sophisticated and unique traditional method of classifying some lands as mineral classified, which means that somebody owes the surface but the state owns the minerals. And we're partners with the surface owner on the leasing of those minerals. There's quite a bit of that. When we found that there might be oil, then we started selling the surface to people but keeping the minerals for the state. There's quite a bit of that area.

J.B.: Is that included in the 22.5 million?

Armstrong: It's mineral acres. I guess with the exception of Interior, we have more leasing jurisdiction than any other office in the United States.

J.B.: How much acreage is owned by the university system?

Armstrong: 2.2 million. They received that part by grant and part of the land that they had had a bunch of granite under it. And they built the capital out of that granite. And exchanged land in far west Texas for the granite. But as it turned out, it was very dry, barren country, but it also was right on top of the Permian basin, which

is the most productive oil and gas area on the continent.

J.B.: And the revenue from that land goes into a permanent fund, am I correct. That the corpus is not used.

Armstrong: We invest the money and live off the income. This has been a battle I have fought and had to fight. Because the legislature is constantly saying why couldn't we just spend the revenue, like Louisiana? The answer is that Louisiana is now down to \$77 million a year in income and going down. And if not going down, it's because of prices. But the production is going down. Ironically, the revenue from the school fund after its investment, to the state, is \$77 million. But that is going to be there in perpetuity. And as the fund increases, will probably increase. But we feel that it's a much wiser policy to invest when the source of your income is depleted. Because we'll run out of oil and gas some day.

J.B.: But the income from this land is based on leases, rather than the actual oil itself?

Armstrong: That's right. Well, on oil and gas leasing in the traditional sense. But we receive bonuses and then we receive royalties when the production is affected. Our royalty income right now is \$100 million. It is up 64 percent from '73 to '74 because of oil prices principally. But also because of some of the things we've been doing to get more income.

J.B.: The lease system provides royalties that are based on the income produced?

Armstrong: The oil that's produced. The basic lease is for a

bonus which is paid per acre and a one-fifth royalty. So, one-fifth of the production results in revenue for the state. We moved the royalty from a sixth to a fifth this last year, which was not welcomed by the oil industry.

J.B.: Did that require legislation?

Armstrong: No. I just made the decision and sold my board on it.

J.B.: And your board has that authority.

Armstrong: Yes. And we also do some royalty bidding. Where we fix the bonus at say \$40 an acre and say "okay, the guy that will pay us the most royalty gets the lease." That's resulted in one 43 percent royalty bid. One 70 percent royalty bid in Baar. And one royalty bid of 95 percent on a very small tract in a river where they just wanted the oil to refine, and they'd make their money there. But they were highly competitive as a result of that. So we've tried to be innovative about the way we do it.

J.B.: Does all this revenue go into the special school fund?

Armstrong: Yes. The constitution provides that revenue from the sale of the land or any income derived from the land goes to education. It is placed in a permanent school fund which now has almost \$1.1 billion in it. It will top that probably before the end of the year. It topped \$1 billion about a year ago.

J.B.: How is the money distributed?

Armstrong: It's available for the legislature to appropriate.

J.B.: It's done on a per pupil basis?

Armstrong: No. There's an allocation of state money that is on a per pupil basis right now. And we're talking about whether that's

needing to be changed at the legislature. But all we do is help with the tax load. And, though that's a lot of money, the help, because the load is so great. Half of every tax dollar goes to education in this state. So we pick up about 1.5 percent of it from the income from the fund. The tax payer gets an education dollar for 98.5 cents. The balance is made up by the education fund.

J.B.: I see, so this, in effect, goes into the general education fund.

Armstrong: Right. And the legislature just appropriates it. It's just that much money they don't have to appropriate out of taxes.

J.B.: And how much does the university fund amount to now?

Armstrong: Pretty close to \$700 million. So although they have less acres, their acres are on top of oil and gas. Is the reason they have such a disproportionate amount.

J.B.: Is your office responsible for the investment?

Armstrong: No. All we do is get it to the treasurer, and the treasurer puts it into the fund and the fund is then invested by a committee of the board of education. Same with the university. They have an investment officer. They have it programmed. They know how much they're going to get. They have everything ordered so that there is no lag time between the time we get the money and the time we get it in to whatever.

J.B.: Are there restrictions on how it can be invested?

Armstrong: Yes. For a long time, they could only invest in government bonds and stocks, treasury notes. We changed that to a 50

percent restriction. Such that they could, under the prudent man rule, invest in corporate stocks. And then they changed it further so that up to 100 percent, I suppose, could be invested in the market as opposed to government. But it's worked out that they still stay pretty well about 50 percent. But they also have restrictions. They can't invest more than one percent of the fund in any single issue. They cannot own more than some percentage of any one company. It's fairly well restricted, using kind of traditional legislative restrictions to keep the hanky-panky out of it.

J.B.: You've been in this office how long?

Armstrong: Four years.

J.B.: Were you in political office before that?

Armstrong: I was a house member for seven years before that from this district, Austin.

J.B.: Are you a lawyer?

Armstrong: Yes.

J.B.: What other changes have you made besides going from one-sixth to one-fifth?

Armstrong: Oh, we've made some rather significant changes in placing environmental restrictions on drilling. Such that we do it within an environmental context. Every tract that we lease is submitted first to the Parks and Wildlife people, then to the Bureau of Sports Fisheries. We also submit it, if it's in a restricted area such as proximity to the National Wildlife area, Padre Island sea shore, any body who has an environmental interest in the way the

tract is developed is asked to come in and suggest restrictions prior to the time that we put the tract up for lease. Companies were very suspect of this practice when I instituted it. But I campaigned on that issue. And as a result of this, we have leased all the time that Louisiana has been stopped, that federal off-shore has been stopped by various suits by the Sierra Club and that kind of thing. Because we do it at the beginning and we do our production within a sound environmental context. So that you protect your renewable resource capability at the same time that you're producing your finite resources.

J.B.: Is the oil and gas that's produced on state owned land also subject to other state taxes?

Armstrong: There's a severance tax, socalled well head tax, production tax. So it is taxed as well as the royalty being paid.

J.B.: What is the basis of that tax, what percentage?

Armstrong: I would have to defer to the controller on that. I don't know.

J.B.: But am I correct, the well head tax is a percentage of the price?

Armstrong: Yes, so that a sizeable proportion of the amount of money we have right now--and you know we are operating with a very strong surplus--is attributable to inflation, which causes the sales tax to rise. And also to the production taxes and also to the fact that we're getting royalty now on gas that at this time last year was moving at 20 to 50 cents and that is now at \$1.85.

J.B.: So the well head return to the state has increased propor-

tionately. How much does the state have in surplus?

Armstrong: I think it's 1.5 billion, at the end of this year. Maybe more. No one could see the effect at the time that we were talking about increasing the sales tax that it would produce what it did. No one anticipated the gas prices and the oil prices going up this dramatically.

J.B.: Are you familiar with what Louisiana did about a year ago? They had that special session and changed the formula on taxing gas and oil.

Armstrong: No, I don't think so. Was it to get away from the interstate, intra-state problem.

J.B.: They increased the state revenue. I think they put it on a percentage basis more similar to what Texas did and simultaneously eliminated the sales tax on food.

Armstrong: We've never had a sales tax on food. I fought that one in the legislature and we killed it.

Walter de Vries: How long have you been in politics?

Armstrong: I quit work in 1960 in a law office and went to work for Kennedy and Johnson. That was my first professional effort where I got paid for it. I'd worked in Dollars for Democrats and that kind of thing before that in '58. But then I ran for the house in '63. So I've held office for eleven years. Seven in the house and four here. And I was just re-elected for a four year term.

W.D.V.: Is this office seen as a stepping stone or jumping off place?

Armstrong: Depends on who's in it and who's looking at it.

W.D.V.: Who's been in it? Has it been sort of a career?

Armstrong: It has been very, very spotty. One of my predecessors went to the penitentiary. It's a stepping stone. It's just where you step. You may slip off the rock. And oddly enough, the guy who went to the penitentiary was a very odds on choice for governor. Had everything going his way, among other things, he was rich. But we have a veterans loan program. It's about a \$400 million program in terms of total authority. We make loans to veterans in a very long term, low interest rate. They then can buy rural land. It has to be ten acres or more. It's a super kind of thing, because it doesn't cost the tax payer anything. Like a bonus or educational benefits. We just pledge the state's credit, which gives us so-called tax free municipal treatment capability. We can sell those bonds for 4.5 percent, because they are tax free. Then we pass along that advantage to the veteran and lend to him at 5.5 percent. So this means that he gets that money, which, as opposed to the present market, is about a \$3,000 advantage if the land doesn't go up. But we've had some fantastic examples of people who bought 75 or 80 acres fifteen years ago. They still pay us on their \$7,500 to \$10,000 loan and yet they've sold off half of that tract for upwards of a quarter of a million dollars. But it's been a very successful program. Very popular. We had a constitutional amendment to extend it last year. Which I worked on pretty heavily as a public matter to get people to vote for it. They voted down half the amendments, but this one led the ticket, because it doesn't cost the tax payer anything.

And it was successful. But my predecessor got to messing with it initially. And made a couple hundred loans to people who didn't exist. Then it got back, one way or another, to some other people.

W.D.V.: Are you the first commissioner to really take on the oil and gas industry?

Armstrong: Well, I don't look at it that I take them on. You know, they said they could never do business at anything other than a sixth. That the feds only were doing business at a sixth. And that if they could have a sixth, that we could. I frankly had some misgivings about what would happen. I thought maybe they'd go to Louisiana or they would go elsewhere. But I also had some faith that if prices were going from \$3 to \$10 or from 20 cents to a dollar for gas that they could stand a 3 percent--which is what it amounted to--increase from six. Of course their analysis was that this was whatever 3 percent bore to 16 percent and it was really a 30 percent increase or 25. Something like that. But the upshot of it was that at the next lease sale we had we had the biggest sale we've ever had in terms of . We took in \$54 million in one morning. So it didn't scare them off too much. But the office moved from an eighth to a sixth in the 'fifties, but it was almost a consensus sort of thing. Allen Shivers was governor and he put it on. . . . The board that I work with has one appointee by the governor and one by the attorney general. Traditionally the governors and attorney generals have been the moving forces, and then the commissioner has taken credit for what they did. The governor and attorney general since I've been here have been pretty much guided by my judgment

and say, you know, do pretty much whatever you want to. That's particularly true of the attorney general. I never could get the governor on the phone, for a period of about a month and a half, so I went from a sixth to a fifth anyhow. He never would call me back. But that's a personality problem. I mean it's peculiar to this governor.

W.D.V.: Where do you see yourself going politically?

Armstrong: I don't know. I'm tired right now. Four years is kind of an awesome length of time to tie yourself to. I frankly enjoy the two year terms. Because if you did a good job they left you alone. And if you didn't, you probably ought to have trouble. We just changed. We'd been two. Everything's four years now. It was two up until now. I don't have any real up the ladder ego problems. We've seen this historically. It produces bad government in my judgment. I think you do a disservice if you're looking over your shoulder all the time about decisions relating to what it's going to get you. Historically, we had a guy that was almost president of the United States before he was through being speaker. Lyndon Johnson mentioned this. And that kind of thing. You know, your friends have a lot more ideas about where they'd like to have you, you know, without regard to what it might do to your family or yourself or anything else. The thing I like about this job is the job. Obviously, you know, I've been involved in politics, which is fun. But I have people who are encouraging me to run against John Tower. I have people who are encouraging me to run for governor. I have people who are encouraging me to stay right here because this is a very significant office. Given the constitutional restrictions, I'm

not sure I can't do more when I wake up in the morning than the governor can. So it will depend on who the available people are, whether I can tolerate them or not. If I think we're going to have a good governor and a good United States Senator, I'm not going to feel compelled to do whatever it would do to your family. And I feel like this is a blessing. You know, I've seen it grab hold of guys where they just had to be whatever it is. I'm glad I don't get that way. But right now we've got four years of things to do. I'm going to run for governor, I'm going to run for the United States Senate, or I'm going to run for land commissioner or I'm not going to run for anything. These are all very viable options in my life right now. Hopefully I'll have some control over them.

W.D.V.: Do you agree with the assertion that the next governor is going to come from three or four of you, who are basically moderate in your approach, or progressive?

Armstrong: It depends on how the timing works out. It is highly unlikely that any of the--I don't know who the four are, I presume you are talking about Hill, Hobby, me and who? Bullock? John White? I doubt very seriously if any of the four, based on their prior track records, are going to make any glaring mistakes, make anybody very mad. You know, I was here when I was the only one that wasn't either a Smith or a Barnes or a Sharpstown tainted person. Broder was in out of Washington. He said "What do you do when you're in this situation. When everybody that's in office gives you a bad name." I told him, what you do is you go to work every morning and you hope something nice happens.

And sure enough, something at least nicer did happen. You know, we turned all those people who were tainted out in one fell swoop, with varying degrees of success. Hill is an exemplary office holder as far as I'm concerned, by objective standards. Dolph has been very disappointing to me, you know, and I hope he does better. But he's had a staff problem. He's had health problems, family problems. It's just been very difficult to do any business with the office.

W.D.V.: Do you see a younger, more progressive man emerging in the gubernatorial race?

Armstrong: Those are the only alternatives.

W.D.V.: Would you characterize Briscoe's administration as kind of a caretaker administration?

Armstrong: Yeah, and you know, it's what people wanted. At least it's been clean. But it hasn't done anything in terms of leadership.

W.D.V.: How old are you now?

Armstrong: I'm 42, since this time last month. I was 42 in November. It's difficult for me to recognize that with the exception of White and James that I've been in office longer than anybody else in state government on a state-wide elected level. But that's how dramatic the change was. I think what you'll see is you'll have a governor change, you'll have a lieutenant governor change. Because Hobby will run for governor, I think, or something else. But probably governor. I think the attorney general will run for governor. I think Bullock is going to run for something else. Bullock is the newly elected controller. Kind

of a maverick. Used to be very business oriented, conservative. Now saying he has religion and has a great deal of liberal support, but very uneasy liberal support, but still support. I think that White is talking about moving. James will either retire or be defeated. I'm either going to move on or out. So I think what you may well see at the end of this next year is that every single one of the offices is going to be with somebody new in it. Now it may be one of the existing officeholders. But I think that at the end of next year everyone will have moved and/or quit.

W.D.V.: Well, if three or four of you get involved in it, won't you end up in the same situation that elected Briscoe in the first place? That somebody more conservative will come in.

Armstrong: Well, I don't know. Who would that be? You know, the finance laws are such that a guy like Briscoe is not going to be able to do it out of his own pocket. If you look at who won last time, they all had one brace of common traits. They were out of office, they were clean and they were rich. And they could finance their own campaign, at least in part or major part, out of their own pocket. Briscoe spent \$600,000. Hobby spent over \$1.2million. No telling how much of it was his. Hill. You know, there's not a person in the upper echelons who has a net worth under \$2 million, until you get down to my office. Just astounding.

W.D.V.: You don't think that will be repeated?

Armstrong: No, because the campaign laws are going to change. Certainly for United States Senate race. And I don't know what they're

going to do. But the other thing is, the money situation like it is, you're not going to be able to buy name identification. And I think the effect of the campaign laws is to place a great deal of power in the hands of present incumbents.

J.B.: Are there state campaign laws also?

Armstrong: There are going to be some proposed.

J.B.: Are they likely to pass?

Armstrong: 50-50. In that level. Now there are going to be some pretty stringent campaign reporting laws and that sort of thing.

W.D.V.: That would be a fundamental change in Texas politics if those laws are passed.

Armstrong: Oh yeah. Common Cause is working pretty hard.

[Interruption.]

W.D.V.: In the time since you've been in politics in Texas, what are the major changes you've seen?

Armstrong: I think you've seen a move, not necessarily to a liberal viewpoint, but a move to a much more progressive viewpoint because of the thrust of the liberals. You know, they have called some things to the attention of the public that needed doing. I'm a great believer that the two factors in politics that you don't hear much about are timing and just gut fortune. All races are run at a certain time between basically two individuals. We have had, for whatever reasons, the kind of political climate at times of races such that people have moved forward. But we also still have a very personality oriented, as opposed to philosophical oriented, kind of environment. For example,

Lloyd Bentsen, conservative, beats Ralph Yarborough, liberal, at the time that I, who is considered to be a moderate to liberal beats a very conservative incumbent. What do you make out of that? I think what you make out of it was that Bentsen and I were more acceptable to the people than Ralph Yarborough and Jerry Sadler--at that time. So it's hard to get a handle on. During the time that I was in the legislature and the time that I've been here, I have done some things which were very historically unacceptable. You know, the money people or the oil people or somebody else would have gotten me, and had the capability. Well, they don't have that capability anymore. Part of this is because there are more people in the state. Part of this is because of the reporting system in politics. They couldn't [Spend] a million dollars to try to beat you because you didn't do something they liked. It would be too apparent. So you have that kind of thing happening and it's really a great freedom. I always felt like in Travis county it was a good county to run in because you could do whatever you wanted to, if it was right, and get re-elected. I mean you had to be able to make your case and explain your case. Now there are some districts in the state that no matter how right you are you can't be re-elected if you do something that needs to be done but doesn't suit the philosophy of that district. Travis county is not that way. They're very aware of the legislature and that kind of thing. So, while I did some relatively progressive things, particularly in environmental legislation and that sort of thing, early on, I ran without an opponent the whole time I was in the house. Although my voting record was probably--oh, with the

AFL-CIO it was about 50-50. But there were a lot of time, by comparison, the other people who were serving the district had a voting record of anywhere from 70 to 80 percent against AFL-CIO. But people were tolerant of me because I explained why I was doing this. Now Travis county subsequently has become very liberal, principally because of the student voting organizations. But it's a pretty progressive county in terms of who elects what kinds of people. We elected a black and a chicano with county wide voting, this last time. That's relatively unusual for Texas. Most of the blacks and chicanos come from single member districts. I was involved in a lot of controversy in the redistricting bill. I'm on what is known as the redistricting board, such that if the legislature fails to redistrict itself five of us then do the job. I went through that fight and was strong for single member districts. Well, that's not what you would think would be a philosophical state-wide kind of thing and yet people are tolerant of that. I hope because I made the case. Right after that tremendous fuss, I led the ticket in the primary. This time I did extremely well. Within a half a percentage point of leading the ticket, I think, or a quarter. And I spent \$7,000 on a state-wide race. But I've just had the philosophy that if you're doing right and if people understand what you're doing, they're fine. I was McGovern's co-chairman. White and I. I spent three months of interviews of how terrible it was that I had such great political career that I had just dashed on the rocks by supporting McGovern. McGovern gets the same percentage he gets all over everywhere. He gets 26 percent and I get 97.8 percent. So I don't know what makes it go. I'm still confused about it.

You just can't make rules in Texas. It's changing. But I think you have to realize that it's basically a personality oriented thing, as opposed to a philosophical thing.

J.B.: What's your relations with the press, because apparently you are able to communicate what you are doing to the public?

Armstrong: Well, Barefoot Sanders, who was running against Yarborough, came in here one day and said "You know, George Christian says that you have the best relationship with the press of any politician he's ever seen. And I want to have that same relationship and I want to know how you did it so that when I run this race against Yarborough I'll be able to do what you do." I said "Well, Barefoot, you start by having the good fortune of having your seat located in the house for seven long years next to the press table. Such that they know you and you know them. And they've watched you and they trust you and they know when you are on the record." I have never been off the record with the press, so called, in saying this. But I've also said "Here's something you really ought not to write right now because if you do it right now it's going to blow something." And there are certain rules about that that they appreciate. But most of them, you know, are my friends. They know that I'm going to shoot straight with them and we just get along. But it's been over a period of years.

J.B.: How about when you do substantive things in this office? Do you call a press conference? You do.

Armstrong: And they call and check on me every once in a while.

J.B.: What about when you went from a sixth to a fifth. How did you handle that in terms of press?

Armstrong: We put out a notice that we were going to consider it. We did it with a hearing. I'm telling you they all came to the party. Every oil executive. There were planes in here out of California, New York, but principally Houston. And they testified. We listened to them. Asked them questions. Then we made the decision. So we put out press releases. When we discovered the dramatic increases in revenue, which we did. . . we really didn't realize how dramatic it was. We put one out. I was over there a while ago and Pat showed me a front page story on our opposition to federal offshore without some sort of compensation to the state. They tell us, oh, offshore development is good for you. You'll have all these new people coming in, you'll have all these new jobs opening up. We figure that we get \$64 million--I'm sorry--\$49 million in direct revenue benefits from federal outer continental shelf development. It costs us \$111 million in services. Education, police protection, highways, docks, heliports, that sort of thing to make that \$49 million. We lose \$62 million a year as a result of outer continental shelf development. I called that to their attention. They're interested in it, you know. But I don't jack them around and I don't trespass on them. I don't go over there a lot. I try to go over there when it is significant. It's worked out.

J.B.: What the role and effect of the Texas Observer in Texas politics?

Armstrong: I think it's one of those propelling kinds of things

that knock the edge off of the conservative side. I think their investigative reporting is such that, though they have a relatively low circulation, somebody that was inclined to do something wrong might not do it because they were afraid of the Observer. I think they've been a real force, philosophically and in terms of investigative reporting. Which is not to say that some of the reporters on the Dallas News haven't been. Dave McNeely, Sam Kinch, Fred Montavita with the Post.

J.B.: Has the reporting picked up in the last decade or so in Texas?

Armstrong: I think it's changed its philosophical background. I don't think the editors and the publishers have as much to say. You know, the editorial board of the Dallas News. . . I doubt very seriously if a Dallas News reporter would vote for half of the people that were endorsed by the Dallas News editorial policy. There's a very great difference. The Dallas News is pretty free. There's just a difference between the front page and the editorial page.

J.B.: In the last decade has reporting become more aggressive?

Armstrong: Yeah, I think it has.

J.B.: Has the Observer played any role in that?

Armstrong: No, I haven't seen that. I think, again, it's had more to do with the individuals who were hired and what they wanted to do. The ones that I named and I probably left out a bunch. But you've had some pretty strong young people come aboard. I wonder how Richard Morehead and Sam Kinch, Jr., sit in the same office sometimes, when I know their basic philosophy. But Morehead covers Briscoe and Kinch

covers me. You know, that kind of thing. But they've had an effect. Most of it in the campaign reporting field and, to some degree, the Sharpstown thing.

J.B.: They really broke that, didn't they?

Armstrong: Yeah, sure did. George Kimpel would be another one I'd name.

J.B.: What has been the role and effect of organized labor in Texas politics?

Armstrong: Well, they are part of a building block system. They are solid. I don't know whether they have grown apace with the general population curve. But there's no question that, oh, along about the '60 to '64 era that it was much more of a plus to have them than not to have them. If you had them in the 'fifties, you were in trouble. Now, not only are other people tolerant of you having them, but their strength is not. . . . You know, they've never contributed heavily to me, at all. But their work made it possible, among other things, for me to win. I'm talking about the placards they nailed up, the endorsements, the hand cards and that sort of thing. They are not as much a monetary force as they are a tremendous help. I mean if you get them you get an organization in every county of some kind, virtually. And then they spin off into some areas, like help with some chicano elements that they will work with. Under Hank Brown they got away from just grading people on labor issues and got into a combination of labor and people oriented issues. You know, they'll be for women's rights, for example. Doesn't

really have anything to do with labor. They'll talk about a utilities commission. You know, consumer issues, that kind of thing. So they're a factor.

[Interruption.]

J.B.: How about the chicano? What force do they have now. Is the divisiveness as strong as it was a year or two ago?

Armstrong: Yeah. They've had a hard time getting it together. They are more numerous than the blacks but they have never been as cohesive. You know, the blacks may change leadership. You may go from a preacher oriented type thing to the NAACP type thing and back, but still the message gets out as to who the right candidate is, and they vote it right. The chicano leadership has been a problem. They went, initially, through an experiment of moving out of the Patron-Heffe kind of thing to a chicano leadership situation. But they then became almost as oppressive as the patrons and the heffes were. It's been very difficult. Then you have Laraza, which is still strong in places like Crystal City, and can win. But which also has done some things like defeat some good chicano candidates because of divisiveness.

J.B.: Have they peaked as a result of that state-wide?

Armstrong: I don't know. I just don't know. Depends on whether a real leader comes. It depends on leadership and how it works. But you probably should have more than two Spanish surnamed members of the senate, for example. It is not proportional, in terms of numbers. Direct representation in either the senate or the house.

J.B.: What do they represent in terms of numbers state-wide?
About 15 percent?

Armstrong: 18, I think. Haven't looked in a while. I knew all that information just like that when we were doing redistricting.

J.B.: You said you were on a redistricting board. Was that when you were in the legislature or now?

Armstrong: The constitution provides that in the event the legislature fails to redistrict, then the governor, lieutenant governor, attorney general, controller and land commissioner will sit as a board to redistrict the state.

J.B.: Is that unique to Texas?

Armstrong: Two or three other states do it, but I can't think who they are. In some states the secretary of state does it unilaterally. In some states a four man board. I was trying to think of some of the other land commissioners that did it. Think they may do it in New Mexico. I am president of all the land commissioners. They don't have parallel offices to mine, but every western state has a land commissioner. The federal government gives a certain percentage of the federal lands to the state for land grant colleges and that sort of thing. So Alaska, Hawaii and straight down the west coast and over to a tier of states-- South Dakota, Nebraska, Oklahoma and us and then everything west all have land commissioners. Four of us are elected, the rest are appointed. But I work with that organization for about as much as I should. I need to devote some time to it when I can find some time this next month or two. We meet again in Tucson in February. I think some of them perform that redistricting function.

J.B.: If you look back over the last twenty years of Texas politics, do you see any sort of dividing points--either events or major personalities--that shaped the direction or flow.

Armstrong: Well, obviously, Sharpstown.

[End of side of tape.]

--new ones in.

J.B.: Did it have any effect beyond that in terms of ethics legislation?

Armstrong: Yeah. I think it made things easier to pass.

J.B.: Did it reduce the effect of lobbying?

Armstrong: I don't think there's any question of that. You know, Daniel proved that the legislature could exist without the lobby. The first time ever.

J.B.: The lobby refers to what? We've heard that term in reference to the lobby as a collective almost.

Armstrong: Well, it is. And if you really look at it, again, you get into personalities. But the railroads are represented by Walter Cannon. The chemical council, represented by Harry Whitberg. The lobbyist for the Texas manufacturers association, Yancey, out of Houston. Joe with the dredging industry, which is unique but extremely strong. Then each official representing the majors in oil. The people that represent the Texas independent producers. The home builders, represented by John Terrell. Beer distributors, represented by Dick Court. These people are all players in terms of their total impact and effect. And virtually for years controlled. You had speakers

up until the Barnes-Mutcher era who, literally they were referred to as the third house. You know, Gus Mutcher, when you talked to him about *[legislation]* he'd say "Well, I wonder what the third house would think about this." I mean, it was a factor in his decision making. But Gus was the first guy that was really totally enamored of them and that kind of thing. Barnes at least, through Connally's tutelage and otherwise, knew when to sit down on them. He was still in control. Mutcher wasn't. They controlled him. But I think that pretty well went out the window with the Daniel administration. It's going to be very fascinating to see what *[Fole Clayton]* will play. But I rather imagine that Clayton is a smart man and he will understand. . . . For a long time the lobby traded on the term conservative. Because conservative was used as synonymous with business interest. So they'd say, you know, he cast a good conservative vote and we'll tell your constituents. Well, most constituents thought themselves to be conservative. But they traded on this. That if you were conservative you were pro business and anti-labor. But it also resulted in tremendous interest rate legislation and that kind of thing.

J.B.: And also against social legislation.

Armstrong: Basically. Because it cost money. And they're usually, among other things, always looking over their shoulder at the next corporate profits tax might crop up.

J.B.: When the term majors is used in Texas, specifically to which oil companies are you referring?

Armstrong: Well, the same ones that you see when you drive down

the highway. Exxon, Texeco, Mobil, Arco. They are represented by another player, who is the Texas mid continent oil and gas producers association. His name is Bill Abbington. These are the people who like in Dallas. Pick up everything. Come down here and live in Austin from January until whenever the adjournment takes place. Others stay here all the time. The Shell lobbyist lives in Austin.

J.B.: You were saying that you thought you might actually have more institutional power than the governor.

Armstrong: In terms of freedom from restraint, I have a very broad mandate to manage the public lands of the state. And particularly in areas that I'm interested in. Environmental protection and also income production. I can do what needs to be done by deciding it needs to be done. He is sitting over there with a budgetary speech to the legislature. Maybe broad outlines. But other than his appointive capability, there's very little that the governor of Texas can do.

J.B.: The lieutenant governor and speaker both traditionally have been strongly independent of the governor, is that correct?

Armstrong: That's normally been true and it's also been because of competitive feeling about who's going to run against the governor next. Also, those people have more power than he has. Just the simple capability of naming committee chairmen and appointing committees. Is probably stronger than virtually any power that the governor has. Plus being able to then control the calendar committee. You know, what really gets up. Pretty stout.

J.B.: How would you characterize the state of the Republican party in Texas at this time?

Armstrong: In serious trouble. John Tower has religiously failed to let anybody up to run for anything else because of the possible drain on his finances. Amazing parallel to the way Yarborough was. Hard to get young people interested. All of the attendant problems from Watergate. A massive loss. No real candidate potential. They're just in a terrible box. Then just all the tradition. They don't know whether to run six people in the state-wide situation or whether to single shot one. And then if they single shot one, it's usually governor. So the Democrats put all their money into that one and everybody joins forces. I'm convinced that most election in this state has been a stepping stone or building block process. Well, they don't have any stones to step from. They see themselves as loyal opposition in the house and they get in trouble because of some of their individuals. So they've just got a whole bunch of problems. Plus the fact, you know, what's the difference between a moderate Republican and a moderate Democrat? Or a conservative Democrat and a conservative Republican? There's not that much philosophical choice between a Republican and a Democrat. It's just a name.

J.B.: Have the Republicans that have been in the legislature played any sort of watchdog role?

Armstrong: No. Most of them have just stirred up trouble. Where they've made any progress at all, it's been with guys like Bush at the Congressional level. Look at the Connally situation. It just

seems like everything they've had happen to them has been bad. Everybody thought there would be this great exodus the minute Connally or somebody like him really made the move. Not only did nothing happen, but then look at what happened to Connally. It's just double bad. There again, it's personality oriented and it's a timing thing. Look at my situation. I gambled. But I had a Republican who was aggressive in the early stages. Really didn't have too much to talk about and I had answers for the criticism. But when you can win big with \$7,000-- I'm not being naive about the fact that I was an incumbent and that I'd done a lot ahead of time, before then. But still, the showing! You can almost get 40 percent of the vote nearly any time. And they get 25 or 26 percent. So they just have some real major problems. In national politics it may be different. We're not afraid, as a state, to vote for Republicans and Tower wins. Tower spent six times what his opponent spent. His opponent was not as able as he could have been and he was relatively new. You give a guy two million four, which is the most anybody has ever spent in a United States Senate race ever, and he can prevail with the incumbency behind him. But I still think he's beatable. Because he's never had an opponent with stature. All of his opponents have had real. . . . You know, Wagoner Carr was one. Bill Blakely was one. The only way the Republicans have ever prevailed is when a Democrat tries to out conservative them. Therefore the liberals take a walk or vote Republican. Somebody with credentials and a track record and that kind of thing. . . most people are pretty turned off about Tower.

Republicans. In terms of stature.

[Interruption.]

W.D.V.: -- candidate for president.

Armstrong: I have always felt that McGovern's biggest problem was his own incapability to advocate. It's certainly a traditionally Democratic state. But, I was very frustrated. Had some long talks with Mankewi^{C2} about this. He never had the capability of a lawyer to lay a predicate before he made a suggestion. If he had said, given the present state of inequity and inefficiency of welfare, how bungling it is, given the basic inequities in terms of our tax structure, we'd be better off giving everybody \$1,000 than we would under the present situation, that would have had to me much more of a chance of acceptance in this state or anywhere, than just saying I suggest that we give everybody \$1,000. You have to lay the predicate. The key to that argument is the predicate. If he had said, as Mankewitz believed, the problem with the depletion allowance is it's based, among other things, on a hope that people will take the money as a result of the depletion allowance and invest it in oil. If somebody had said "You know, the depletion allowance is unrealistic." Okay, argue with me that the depletion allowance is because there is a depleted resource and you ought to get a tax break when you are depleting your resource to furnish something to somebody else. That's fine. The problem with the depletion allowance is it's five years, four years at 25 percent. Hell, we've got wells that have been pumping for twenty. Why not come up with an equitable analysis of

the productive capability of that well and issue a depletion allowance on the depleting characteristics. If it's a ten year well, ten percent. If it's a fifteen year well, eight and a half or whatever that figures out to be, seven and a half. If it's a five year well, twenty percent. Then you're talking about something equitable. But you know, that was kind of what was in his thinking but he just said "We've got to end the depletion allowance." This is what worries me about the present Congressional idea. That you just end it. There is some inequity there, because it is a depletable resource. What I'm saying is, he was a poor candidate. If it's a Democratic candidate that makes sense, they're going to vote for him. It's there, traditionally. It's who he is. I think a liberal could win in Texas with a good advocacy.

J.B.: Who can explain his program.

Armstrong: Sure, and has something to say. Same thing problem with the party. Who stands for anything that's running for president in the Democratic camp right now? And what do they stand for? Where's the Fair Deal? Where's the New Deal? Where's the New Society? Where's anything. Put Bentsen on there and talk about economy and he doesn't say anything substantially different from what Nixon's saying. Maybe a little.

W.D.V.: Is his candidacy taken seriously in this state?

Armstrong: It's viewed seriously in Houston because he's one of their own. It's viewed seriously basically because okay, he's all right. He's one of ours. Got all that going for him. But the main reason it's viewed seriously is because there are no alternatives that are very

viable. And as long as there isn't anybody with any more capability showing up. You know, Mo's not doing that well. Mondale chucks it. A fascinating interview. The other day Meet the Press or somebody did Birch Bayh. And Bayh was really better than I've ever heard him. He talked about a lot of real unusual things. Talked about what the campaigning for the presidency does to you as a person and to your family. And why maybe you've got a new breed of guys, like the Mondales and the Kennedys, who can really say "I don't care whether I'm president or not. It's not worth it." And then he says on the other hand, maybe you've got to have a guy that thinks it's worth it before he'll do it. But here all your young people who normally would be associated with a bunch of young candidates--and I find myself in this same situation--we've all got kids, and we all care about what we're doing to them. Now Lyndon Johnson probably didn't care what he did to his kids. Because it was more important to him to be wherever he was and the kids would take care of themselves. But most young people don't feel that way anymore. So you have a bunch of non-runners all of a sudden because of their commitment to their family or their commitment to something else, themselves, maybe. Then you find a guy like Bentsen. He may be a more viable candidate because his kids are all out of school and grown than maybe a guy like Bayh or Kennedy. It was a very interesting interview. I didn't feel like he was pulling any punches. He was just saying some things that were just heretical if you'd said them five years ago. It was very fascinating. And I felt very strongly parallel to him in some of my decision-making which is eventually going to have to be made in terms of

how selfish it is or how much it needs doing.

W.D.V.: There ain't no going back, once you make the commitment.

Armstrong: And the other thing. . . . The one thing I consider very strongly is what I call owning yourself anonymity loss. Little things. You can't take off and go sit down in a public place and get plowed, having a good time with people, because everybody will say "Look, there's the governor, there's the Senator, down there drunk." The land commissioner does that, they think "God, he's really real." But you know, there's just that funny little thing between the lower echelon and that US Senate and governor thing. The worst thing you could probably do to yourself is win. You might survive if you lose it. Then you were just a candidate for governor. And once you got there, it's pretty tough. The strains that it puts on you. So, back, sort of, to the thread of the question, I think that a guy like Bentsen is there because there is no alternative that has any better chance right now. He can make a pretty good case. He's got a bunch of hand outs now from some pretty strong people. Evans and Novak and others writing, making a case for him. That he has put aside the basic Texas drawl, that he has put aside the Lyndon Johnson image, much more like Connally. Suave, sophisticated. But it is also obviously with an effort. So he doesn't come across totally real. So he's playing a part. But he's been making the right speeches to the right people. Mankewitz is for him, too, to a degree, which is unusual. But Frank thinks that the liberals have had their heads battered down sufficiently as a result that if some progressive person will come out of the South--Bentsen, Asquew, Carter, Bumpers--

that the liberals will buy it. They want to win.

J.B.: You don't see the defeat of Yarborough being held against Bentsen by the liberals?

Armstrong: It will be held against him by some. The problem I have with my liberal friends and my liberal constituency would be appalled if I came out foursquare strong for Bentsen. I don't think about that much, but they would be. And you know, Ralph's really got his stinger out. He spent three days in town before the Democratic convention. Labor meetings, all kinds of liberal meetings and everything else. Just being sure they remember how much Lloyd spent against him, beating him, take that seat away from him. It's very personal. Very poor performance. But he did it. Consequently when Bentsen walked on the stage it was to just a resounding bunch of boos. The state convention here. But you can contribute 80 percent of those boos to one man, Ralph Yarborough and what he'd been doing for two or three days. But that's again, personalities and bad stuff. I don't know what you do about that.

J.B.: Is the Democratic party itself strong in Texas? Is there strong party organization?

Armstrong: No, because we don't have any Republican opposition. It could be, in a minute. If we ever had any Republicans really get with it, then you could do it. That's why all my liberal friends fuss and argue, want me to run for chairman this time. To organize the party. They said "Man, we go into Wisconsin, we go into places [where] There's an organization, there are cards, everybody knows who the Democrats are. They do all this." The reason is that in those states where

you have that organization, you've got a very viable Republican opposition and you have to be. Now it's still strong, but it's strong I guess because of its name. And it's pretty balanced. I mean, look at who won.

W.D.V.: But basically do all the state-wide office holders have their own, personal organizations?

Armstrong: Oh yeah.

W.D.V.: They overlap, of course, but essentially you've got a whole series of organizations.

Armstrong: And John White's got a theory that his and my organizations are the only two there are. I don't know whether he's right or not. He thinks, again, that the newcomers--the Hills the Hobbys the Briscoes--they all have a television election capacity because they have the money to buy it at a time when you could win it with that. But the real test is what kind of organization they will then be able to put together in the same traditional sense we did. See, I won my first race with \$104,000. Which was pretty unheard of. But I had people in every county and I had good people, that I knew. But I had worked for Kennedy and Johnson in three Congressional districts in '60. I had run Tom Revely's unsuccessful campaign as his manager, for attorney general against Waggoner Carr. I had been on the road with Will Wilson when he ran for Johnson's unexpired Senate seat when I was with the attorney general's office. I was administrative assistant running all the office work at the same time we were campaigning and I was introducing him. I'd get people after people saying, off in a corner after his was over, "If he

could speak like you, he'd win. But why don't you run for something." I was traveling the state literally for ten years. When I went to Lubbock I didn't have to ask anybody who to see in Lubbock. I'd been calling them on the telephone for various candidates. All of the candidates didn't win, but all the people I talked to were my friends. I was co-chairman of John Hill's race, when Hill ran for governor. So when I ran I had pretty much been working in the vineyards for ten years and talking to the people that made things go. I didn't have a big card file. I've since computerized it. I've got the only computerized political file in the state that has less than 25 names in it. But it sure does look pretty. All 25 of them are super people! No, but it's relatively small. The thing that happened was everybody said "Isn't it great for a guy to come out of nowhere and win?" Hell, it took ten years to win that race, basically. From '60 to '70. Plus whatever exposure I had in the house that was brought my own thing. I did a bunch of television that beat the sales tax on food. It was financed by AFL-CIO but they needed one advocate who could really carry the ball and do it. I was that advocate. So a lot of people said, again, "Lining up with the AFL-CIO will kill him." But it didn't work out that way. First of all, we shot down the food tax and beat Mutchler. And in effect beat Barnes. A lot of people realize this, but I think that had a pretty strong effect on Barnes' losing his race. Because the food tax came out of the senate when he was presiding over the senate. He dodged around and said "Well, I just let the senate do what I'm doing." But it had pretty strong carry-over. It became a strong public issue. But you know, all

those things happened over a long period of time. With all that work. I worked for a year. . . . I keep hearing Ford say he traveled over 20,000 miles campaigning for various people. I flew 350,000 miles and never got outside the state in that campaign. It took a lot of time. The other guy that's been somewhat similar is Bullock. Bullock just got in that car and drove this state for a full year. He finally won. It's going to be very interesting to see how all this shakes out in four years in terms of relative strengths.

J.B.: You suggested that you can't do it with television anymore.

Armstrong: No, you can. It's an advantage. But I'm just saying that just doing it that way gave Hobby and Hill and Briscoe maybe a false sense of organizational strength. Because basically those races were won by repetition to the public of here is an honest person who wasn't involved in Sharpstown. But the reason he could get that word to the public was because he was prepared to pull \$600,000 out of his own pocket. He'd win it either way. You can win it with that if you get that. Or you can win it with organization without that. But if you had both it would be ideal. But there is no Democratic structure as such, because all the races are won in the primary. And that's why the organizations become individual organizations. Because that's where you're competing.

J.B.: Is there any running as a team in November?

Armstrong: Yeah, appear together. And we got together and took a poll together to see how we were.

J.B.: Any joint advertising together?

Armstrong: No. But, you know, we all get asked to contribute to the Harris county get out the vote drive, where they say vote Democrat. I did three or four spots that went out state-wide saying vote Democratic.

J.B.: How does money work with blacks in elections in Texas?

Armstrong: Not as much as it used to. It used to be that the most insidious anti-black candidate would buy black votes. That can't happen any more. They have a good screening process. There again, they have been much more successful than the chicanos in this endeavor.

J.B.: Is there a new grass-roots leadership among blacks coming out of the labor movement in Texas?

Armstrong: Some. Plus some pretty aggressive black legislators. Anthony Hall. Craig Washington. I believe they are both from Houston.

particularly effective because he's very articulate. He can get good press any time he wants. Beautiful speaker and knows what he's talking about. He's a sharp guy. Leeland's the same way. But Leeland is a funny, red-headed Afro, costumed and tough as he can be.

J.B.: Is it true that it was the black legislative caucus that basically was responsible for the defeat of the constitution?

Armstrong: I don't know. When it misses by two votes you can assign all kinds of reasons why it was defeated.

[End of interview.]