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Interview with
James W. Stroud
November 28, 1972

Place of Interyiew: Dallas, Texas
Interyiewer: Dr. R. E. Marcello
Terms of Use: closed until death
Approved: *James W. Stroud*
(Signature)
Date: July 17, 1973

Funeral scheduled for James Stroud

Services for James W. Stroud, 66, of 5507 McCommas, a former state representative and regional census director, will be held at 2:30 p.m. Thursday in Restland Memorial Chapel. Burial will be in Restland Memorial Park.

Stroud died Tuesday in Baylor Medical Center after a brief illness.

A lifelong resident of Dallas, Stroud went to work in his father's packing house after graduating from Woodrow Wilson High School in the early days of the Depression.

In 1935, he joined the Homeowners Loan Corp., a government agency. He became assistant area supervisor of the census bureau's regional office in 1948. Six months later, he became regional director.

As regional census director, he supervised up to 20,000 employees in 33 district offices.

After 15 years with the census bureau, Stroud retired to run for the Texas House of Representatives. As a 4-term representative, he served as chairman of the elections committee and worked to introduce electronic voting to the state in 1969.

He was a member of the Dallas Association for Retarded Children and the Dallas Council on Alcoholism.

Stroud was a member of the Northway Christian Church.

He is survived by his wife, Mary; five sons, James Jr., Robert Lynn, George Winton, Douglas A. and Paul J.; a sister, Mrs. Gene Hill, and two grandchildren.

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Oral History Collection

Jim Stroud

Interviewer: Dr. Ronald E. Marcello

Place of Interview: Dallas, Texas

Date: November 28, 1972

Dr. Marcello: This is Ron Marcello interviewing Representative Jim Stroud for the North Texas State University Oral History Collection. The interview is taking place on November 28, 1972, in Dallas, Texas. I'm interviewing Representative Stroud in order to get his reminiscences and impressions and experiences while he was a member of the second, third, and fourth called sessions of the Sixty-second Texas Legislature. Now, Representative Stroud, to begin this interview we are going to talk first of all about the second called session of the Legislature. As you might recall from our previous interview, we talked about the regular session of the Sixty-second Legislature and then the first called session which came immediately after the termination of that regular session. So we are going to begin with the second called session. As I recall, originally there was a great deal of hesitation on the part of Preston Smith to call that second special session of the Legislature

initially. Now as you recall, there were a certain number of representatives in particular who were calling for a special session, and I think essentially they wanted a special session in order to oust Mutscher as speaker of the House and to choose his successor in some capacity or another. I think a great many of these people were members of the "Dirty Thirty"--not all of them however. Now initially Governor Smith hesitated in calling this special session. Do you know if there was any special reason for that? Now again, this would have been called probably before . . . well, this would have been after the elections had been held, and I was wondering if you would know why perhaps he was hesitant in calling that special session at first?

Stroud: Well, in the first called session we were called upon to pass an interim primary financing bill. The bill that was passed really didn't meet the federal court's requirement, but that ruling had been appealed. They had hopes that maybe the appeal would be won. When it wasn't and the appeal was turned down in January, then it became mandatory that the governor call a special session. He had to; I mean there

wasn't any choice of his or not to arrange for the primary financing because, if we didn't, then we would have to go to a convention-type, and there wasn't time to hold a convention. So the real reason for the second special session, was the mandate from the appeals court that a new primary financing law be passed.

Marcello: I gather that this particular piece of legislation didn't arouse a great deal of controversy within the Legislature. It was something that had to be done, and it passed rather quickly.

Stroud: Yes. I think the only thing was how much participation that we would write into the bill that either the county or the party would have to put in, and which it turned out that any contribution that they had received or any filing fees would have to be used. Of lowering filing fees, there was no question on, and it was passed within the three-day period.

Marcello: Well, then what happened eventually was that that session, at least so far as the House of Representatives was concerned, revolved around the selection of a speaker to replace Gus Mutscher, who had previously been indicted by the court. Now at first there was a

great deal of controversy as to whether there should be a permanent speaker elected or whether there should be an interim speaker elected. Now as I recall, the members of the "Dirty Thirty" were in favor of electing an interim speaker. Why did they want an interim speaker?

Stroud: Well, their choice for speaker, who was Price Daniel, Jr., didn't want to be an interim speaker. He thought that this would hurt his chances in his reform movement. It involved in, after the special session was called and prior to it, urgent preparations by the pro-Mutscher and the pro-Rayford Price people in trying to line up members for their support. Now this was accomplished by a series of meetings worked out in the field and held with the members to try to get commitments. As it turned out, it was very close. There were people that were flip-flopping right up to the last time. Going into the second called session, I think this probably held more interest than anything else. The primary financing law they knew had to be done, but this is something that could change the whole course of things. Remember now, this was before the primary election, and a lot of the

members' elections held in balance on what happened during that second called session.

Marcello: Incidentally, how did you feel with regard to selection of either a permanent or an interim speaker?

Stroud: Well, I had personally favored Rayford Price's election during the interim. I thought if we didn't move then he might lose his standings later on to be re-elected.

Marcello: In other words, you were in favor of electing more or less a permanent speaker then because had Price been elected at that time and had he been elected in the general election, he probably would have been elected the speaker again for the new session.

Stroud: Oh, yes. Yes, I think this would have concreted his position and I think unified his support which, you know, was just barely a majority.

Marcello: Well, why was it that Price Daniel and the "Dirty Thirty" didn't want a permanent speaker selected during that special session?

Stroud: Because they had hopes of Price Daniel being elected speaker at the next session, and if they could keep Rayford Price from being elected interim speaker, let's say, and put someone up like DeWitt Hale, who had said publicly, "I will only serve until the

Sixty-third Legislature," then Price Daniel would've had a better chance of being elected speaker against Rayford Price.

Marcello: Was there any thought about the fact that there would be so many new legislators coming into office in 1973? I think even at this stage yet it was almost a foregone conclusion that there was going to be a pretty substantial turnover in the membership in the Legislature. So is it possible that perhaps they felt that the new members should have the right to select that permanent speaker later on?

Stroud: Oh, I don't think that was it so much, but you're right because even without the defeat of some of the members the turnover of the people that were running for other offices, people who had decided not to run again, was quite large. Both sides wanted to capitalize on their supporters in this group, to use them at this time, knowing that people that would replace them were of an unknown quantity at that time because in a lot of places they had maybe eight or ten candidates in each of the member's district. It was a very peculiar thing because there was still a lot of pro-Mutscher people. At that time Speaker

Mutscher had not resigned and had stated on one or two occasions that he might not resign, and he had his handful of supporters, or double handful of supporters, which he thought would play an important part in the picking of the next speaker.

Marcello: What do you know about Jim Nugent's candidacy for speaker? For awhile there he had toyed with the idea of running, and in fact, as I recall, there was a meeting of representatives in San Antonio, and these representatives had favored him or had endorsed him. Do you know anything at all about Nugent's candidacy?

Stroud: Oh, yes. Jim Nugent contacted me some time ago, even before Mutscher had gotten into the trouble, and Nugent had aspired to be speaker for I'd say the last four years that I know of. He had a meeting here in Dallas also, and he was quite active.

Marcello: Were you at that meeting?

Stroud: Yes, I was at that meeting.

Marcello: What went on at that particular meeting?

Stroud: Well, Nugent proposed this way: that he had a set of rules changes, which were very popular and were practically the same thing that I'd say Rayford Price or Price Daniel had, that he was pushing. I

don't really think he was sincere in this, but he had to have these in order to sell himself, but Nugent had a reputation for not being altogether fair and backtracking on a lot of his promises. I don't think that he picked up any support at all.

Marcello: I gather that he had made quite a few enemies while he was chairman of the Rules Committee. In other words, he was responsible for blocking certain pieces of legislation that legislators desired to have passed.

Stroud: Oh, absolutely! This was well known. As a matter of fact, they accused him of stealing one of the bills that died, and it was lost, completely lost, and the last person that was known to have it was his secretary. This was done. If you had a piece of legislation that got in the Rules Committee, you were at his complete mercy, and I might say that this was in spite of any speaker. I don't know how he got selected as chairman of the Rules Committee.

Marcello: Now he was one of Mutscher's men, was he not? Or he had been at one time?

Stroud: Yes, he was one of Mutscher's men, but I wouldn't say that he was actually one of his top men, but he had enough power that he did get this assignment as chairman of the Rules Committee.

Marcello: You mentioned awhile ago that he had called a meeting here in Dallas with regard to his candidacy. Who were some of the people at this meeting?

Stroud: Well, he invited everyone, but as I remember there were only about five people that showed up, and some of these were pledged to Rayford Price even.

Marcello: But was this a meeting mainly of state legislators?

Stroud: Oh, yes. Yes, this had no outside lobby or anything in it, which was customary at some of the other group meetings that had business people who were interested in the speakership that were there.

Marcello: Now I think this meeting that we're talking about actually took place even before the special session got under way. Wasn't that correct?

Stroud: Oh, yes. That's right. That's right. But then he followed it up by phone calls, plus the fact that there were a number of members calling other members in support of say Jim Nugent or DeWitt Hale. Even DeWitt Hale called . . . called me just the day before trying to line up support.

Marcello: Well, getting back to Nugent again, what could he promise you, or what did he promise you in return for a vote--other than rules changes?

Stroud: He didn't promise a thing. I think this is where he's sort of a egomaniac. He thought that just Jim Nugent was enough. He hasn't respected anyone's wishes too much. He's known as sort of a maverick and a fighter against bad legislation--I'll say this--and against some good legislation. It's whatever Mr. Nugent decides to do.

Marcello: I would assume that as chairman of the Rules Committee, no matter who the individual was, that person is going to make a lot of enemies probably.

Stroud: Yes, I think so. I think this procedure that was instituted in the rules where the Rules Committee funnels the legislation on the House calendar was a very bad thing. It used to be that your bills as they passed out determined their place. The only thing that remained was whether to place them on a major state calendar or a local calendar or a general state calendar, but this thing here where they decided . . . and they could remove your bill from the calendar, it turned out, or vice versa--take one that has just come out of committee and place it over yours on the calendar. It was almost a dictatorial committee

assignment that had more power than any other chairman except the speaker of the House.

Marcello: Well, I gather then that Nugent really didn't get too much support in his bid to become speaker.

Stroud: No, I think this was brought home to him very quickly because then he joined forces with DeWitt Hale and I might say with Speaker Mutscher.

Marcello: Do you know of anybody that did support him initially? I'm referring now to Nugent.

Stroud: No, because he kept his . . . as far as I know he never discussed that with anyone in the group that he called. He'd just say that he had a lot of commitments to him. This seems to be sort of the ploy of all the people running for speakership--to hold these commitments back in reserve and say, "I'll tell you right before the election what they are, and you'll see that I have this much support."

Marcello: In other words, what they're trying to say in effect is, "Well, I've got this many votes, and I'm sure to be elected. So you'd better get on the bandwagon so that you can be on my good side."

Stroud: That's right. Well, of course, I think Nugent played just a little bit different by saying, "I have this

many votes, and I need your vote. If you'll give it to me, I won't forget."

Marcello: Well, then Governor Smith called the special session. This was some time after Nugent was undertaking his campaign to become speaker, and I gather that the main issue when the Legislature did convene in this second special session was the whole controversy surrounding the selection of a speaker. Now what was the atmosphere like in Austin when the Legislature convened?

Stroud: It was charged with electricity, I can tell you. Everybody was running around and saying, "What's going to happen?" As you know, they had to plan . . . first of all Mutscher had to make up his mind that he was going to resign and submit his resignation. They had to put some sort of control over the House so as not to let it get away. In other words, one thing they didn't want to do was have Mutscher resign and the secretary of state come in and preside over the House during the election.

Marcello: Why didn't they want that to take place?

Stroud: Because I think they thought the secretary of state might be impartial, and if they could keep control of it, they could win.

Marcello: The secretary of state at this time was Bob Bullock.
Is that correct?

Stroud: No, no, it was Martin Dies.

Marcello: It was Martin Dies at this time then.

Stroud: Yes. Of course, speaker pro tempore was Tommy Shannon, who wasn't acceptable under any circumstances. So they decided that . . . there were some talk even about putting Nugent in there. Of course, Speaker Mutscher could designate--this was one power he had left--whomever he wanted. The other side agreed to James Slider, who was a pro-Mutscher man and I would say a pro-DeWitt Hale man. This was just before the session opened--I mean almost twenty-four hours before--and Mr. Slider wasn't going to run for re-election. He was a strong but, I felt, fair man. He didn't want to accept it--don't misunderstand--because he didn't want to get messed up, and he was leaving the House. But he finally accepted it on pressure by several members.

Marcello: I would assume that there were all sorts of rumors floating around in Austin when the legislators arrived.

Stroud: Yes, and the thing that upset many people was that Rayford Price had made a deal with the Republicans

through Fred Agnich--and this was in lieu of their support for him--to recognize him as the minority leader, to set up an office of the minority leader, and to provide a staff if he, Rayford Price, were elected.

Marcello: Now what advantages would this have for Fred Agnich?

Stroud: Oh, I think it would have a tremendous advantage because he would then be assured a representation on some of the more important committees that the Republicans here before hadn't been able to secure.

Marcello: I gather that Agnich has more or less come to the forefront as perhaps the leader of the Republican minority in the House of Representatives.

Stroud: Oh, I think this was true during this time. I think to a much lesser degree now because even some of the Republicans here in Dallas aren't falling in line as easy as they thought they would. I think you'll find that when they have a small group, it's much easier to control than when they, say, almost double their number. Then you have Republicans of varying degrees. Some of them are liberal Republicans, and you'll have challenges to your leadership.

Marcello: In other words, what you're saying in effect is that

Agnich was probably more powerful in this past session than he'll be in the Sixty-third Legislature, where the Republican strength has increased considerably.

Stroud: Oh, yes. I think is definitely so because Price Daniel's commitments are without any deal with Agnich and without their support, although I notice a number of them have said that they're going to support him. Even some of the new ones that are coming in have announced that they have signed pledge cards for him, but this takes away some of the, I'd say, power that Agnich had to make these decisions and throw the support or not throw it.

Marcello: I think at one time or another during that last session that Agnich was even being considered as a possible gubernatorial candidate was he not?

Stroud: Yes, I think . . .

Marcello: I'm not sure how serious he was.

Stroud: . . . Fred was considered very strongly, and also for congressman. I might also say for state senator, which I think that he could have been elected to either the state Senate or the Congress. I'm not quite sure about the governorship.

Marcello: We'll come back and talk about Rayford Price's campaign

a little bit later on, but I think one of the first things I want to talk about is the movement to elect DeWitt Hale as interim speaker. Now why was he supported by some of Mutscher's old supporters as well as by some of Mutscher's enemies?

Stroud: Well, I think that the "Dirty Thirty," or the majority of them, had decided that Rayford Price was a bad choice for the speakership and that he had probably . . . or they thought that he was supporting some of their opponents. By this time Rayford had been acknowledged the choice of the business interests or the lobbyists, and I think that some of his statements were ill-advised, like, "I'm spending \$50,000 on this speaker's campaign," which immediately puts in the public's mind, the members' minds, "Well, somebody's paying off to get a choice seat somewhere." Some of his advisors were well known as the "Big Five" of the lobbyists.

Marcello: What are the "Big Five?"

Stroud: Well, that's the railroads, the truckers, the oil, the chemical, and the utility.

Marcello: Those interests are known as the "Big Five," and Price had supported those particular individuals.

Stroud: Yes, either the utility or the insurance--I forget which one is in there. But it was well known that he had the complete support of this group.

Marcello: Did you yourself ever experience any evidence of this?

Stroud: Yes. Yes, I saw several people have access to him that made me be real suspicious about what his intentions were if he were elected speaker. Well, I didn't sign a pledge card for him and didn't believe in that. I had given him every intention that I would support him if the same conditions existed, but I can just tell you that I had my doubts at that particular time. Labor was supporting DeWitt Hale very strongly, and I might say that they had put a great deal of pressure, a tremendous amount of pressure, on all the people that had been friendly to labor or they'd been friends to.

Marcello: What sort of pressure can these lobbies put . . . and I would consider labor a lobby also in Austin. What sort of pressure can these lobbies put upon a legislator in order to get that legislator to vote a certain way?

Stroud: Well . . .

Marcello: What form does the pressure take?

Stroud: It takes it in two ways. One of them is money . . .

Marcello: Okay, now what . . .

Stroud: . . . campaign contributions.

Marcello: Campaign contributions.

Stroud: The second is being able to get out and work for the candidate--to write letters for him, sending out mailings, putting them on slate cards, which has in the past almost amounted to election for a lot of people.

Marcello: I would gather also that lobbyists can put up opposing candidates or support opposing candidates.

Stroud: Oh, yes, I think this just goes without saying. If they come to you and ask you to support their man, whether he's John Doe or Richard Roe, and you say, "No, I'm going to support the other candidate," they can get quite upset--especially if they supported you in the past and feel like that you're under obligation to them.

Marcello: Well, why did DeWitt Hale want to become interim speaker? What advantages would being interim speaker have for him?

Stroud: Well, DeWitt Hale had actively tried to be speaker several times. I think this was a mixture between

the pride of being speaker of the House, even if it was interim speaker, plus the fact that although he had not been a real strong Mutscher man in the past, he had become quite a strong Mutscher man.

Marcello: Why would the Mutscher forces have wanted him in there?

Stroud: Because he was a candidate that could appeal to both the liberal side and the moderate side and could secure strong support from labor while the other part of his coalition had some strong support from business.

Marcello: On the other hand, who were some of the individuals who were especially pushing Hale's candidacy?

Stroud: Oh, I think there was Bill Heatly, Jumbo Atwell, Gus Mutscher, Tommy Shannon . . . I'll say James Slider, Bill Clayton. It was the ole in-group.

Marcello: On the other hand, who were some of Price's chief supporters?

Stroud: Oh, I think Price's chief supporters were people like Don Adams, Guy Floyd, Bill Finck from San Antonio, who he later named Appropriations chairman, Don Cavness from Austin, who he later named chairman of the Tax and Revenue Committee--people like that.

Marcello: Well, why was it that the liberals couldn't support Price? He didn't get a whole lot of support among the liberal elements, did he?

Stroud: No, he didn't.

Marcello: Was it because of the lobby influence that you talked about awhile ago?

Stroud: I think it was partly lobby influence plus the fact that the "Dirty Thirty" had made a commitment to Price Daniel, but the "Dirty Thirty" wasn't all made up of liberals. As you know, there were a lot of Republicans on their side.

Marcello: Now this amazes me. A great many of the "Dirty Thirty" preferred a member of Mutscher's team to Price. Isn't that correct?

Stroud: No. No, they were almost a hundred per cent behind DeWitt Hale.

Marcello: Hale wasn't really a member of the Mutscher team but was pretty close to it, was he not?

Stroud: Right. Oh, this was the strangest thing! Of course, at the last moment they split off--some of the liberals split off--and this hurt Hale when they nominated Zan Holmes as speaker. While this became a rumor along the floor, all of Hale's forces went up and started speaking to Zan Holmes to make him withdraw or not accept, while some of the other elements were in there saying, "Don't you withdraw! Even if you don't

get elected, it is quite an honor, and we think you should try anyway."

Marcello: I agree with you that this was more or less a strange alliance between the Mutscher men and the "Dirty Thirty," and it's really hard to explain exactly what happened. Do you think what it boiled down to was that they figured that if Price were elected, he would probably continue as permanent speaker?

Stroud: You mean Rayford Price?

Marcello: Right.

Stroud: Right.

Marcello: On the other hand, if DeWitt Hale were elected, he would probably be no more than simply interim speaker.

Stroud: That's right.

Marcello: Do you think that they were banking on getting a lot more support in that new legislative session coming up?

Stroud: Oh, I don't think there's any doubt. The office of the speaker has tremendous power, and I think a lot of people were assured that if support was given DeWitt Hale, they would retain their chairmanship or else they would be appointed to chairmanships.

Marcello: Again, of course, like I say, come a new session there was going to be a turnover in the House of

Representatives, and I think that a good many of the "Dirty Thirty" sensed that the new members were going to be mainly sympathetic to what they were trying to do. So they were probably going to be a lot more powerful in the next session, let's say in the Sixty-third Legislature, than they had been in the Sixty-second Legislature.

Stroud: Oh, I think if DeWitt Hale had been elected and Rayford Price hadn't been defeated as a candidate that neither Rayford Price nor Price Daniel would have been the next speaker.

Marcello: You think that even Rayford Price couldn't have been any more than an interim speaker?

Stroud: No. That's right.

Marcello: Because of the election turnover in the House of Representatives?

Stroud: Right. I think this is what Nugent was planning on-- that if DeWitt Hale got it and they held the interim speakership, for the Sixty-third session they would have enough forces lined up. A lot of people were supporting Nugent for a second choice--that he would have had enough votes to hold out until they swung over to him.

Marcello: Well, then I gather that at one stage during this session there was a movement to stop Price, and . . . well, this is exactly what we talked about, I think. What emerged was this alliance between the "Dirty Thirty" and the Mutscher men in effect.

Stroud: And labor.

Marcello: Right, right. Yes, also. Now what do you know about the rumor that Heatly was in some way behind Hale's campaign?

Stroud: Oh, I know he was! There wasn't any doubt. As a concession to him Bill Heatly resigned as chairman of the Appropriations Committee before the election.

Marcello: Right. Later on, of course, Heatly did resign as chairman of the Appropriations Committee, but at the time that Hale was being pushed for the speakership Heatly was still chairman of that committee.

Stroud: Yes, but he resigned just before the roll call.

Marcello: Right, right, correct. Now what advantages would Heatly have had in having Hale elected as interim speaker?

Stroud: Hale could've turned right around and reappointed him.

Marcello: I gather that Agnich and Frank Calhoun in particular were especially critical of whatever Heatly was trying

to do in Hale's favor. In the long run I would assume that Heatly was more or less an albatross around Hale's neck, was he not? Now I don't see how much support . . . how much support could Heatly have given to Hale?

Stroud: Oh, I don't think any more support really. If I'd been Hale, I'd have him voting on the other side.

Marcello: Yes, right. In other words, like I say, by this time . . .

Stroud: I'd have had Heatly and Mutscher vote for Rayford Price.

Marcello: Right. By this time Heatly's prestige was probably at its lowest ebb, and it was almost a foregone conclusion that whomever was elected speaker would probably be selecting a new Appropriations chairman.

Stroud: Right. Well, this vote for DeWitt Hale defeated some candidates in the election because the opponents picked up the tally sheet and said, "Look what old M. Jones voted with." They circled Mutscher, Shannon, and Heatly and used this as a campaign issue. As a matter of fact, I think this defeated Tom Moore of Waco, who was running for the state Senate. He told me that they used this tally sheet against him: "Look at old Tom Moore, who he's voting with--Mutscher and

Heatly and Shannon." So I think that they played it wrong. I would have had those fellows turn over and vote on the other side.

Marcello: Well, like you point out then, later on Heatly did resign his chairmanship on the Appropriations Committee. How would this help Hale?

Stroud: Well, this made it appear like that Hale wasn't going to run with Heatly and had insisted that he resign beforehand to take some of the pressure off and the rumors off that were saying, "If Hale gets it, he's going to continue Heatly on there."

Marcello: Okay now, this brings us up, I think, to Price's candidacy. We've talked a little bit about Nugent. We've talked a little bit about DeWitt Hale. We haven't said much about Price Daniel because I assume that he was kind of in the background here, and he didn't necessarily want to be elected interim speaker. Is that correct?

Stroud: Definitely he did not. No.

Marcello: Now why was it that he didn't want to be elected interim speaker?

Stroud: I think he felt like that as interim speaker he'd be cut up on some of the issues that were coming up,

and it would affect him on being elected to the speakership in the Sixty-third session.

Marcello: In other words that special session, that second special session, was so highly charged that . . .

Stroud: . . . merely association with it was enough to defeat a person.

Marcello: As was the case later on as we found out.

Stroud: Yes (chuckle).

Marcello: Okay, so anyhow Rayford Price was eventually elected as interim speaker. Now we mentioned this a little while ago, but I want to get it into the record again. Why was it that the Republicans supported him? Now he did receive just about all the Republican votes, did he not?

Stroud: Right. Well, I think this was because of the deal that Rayford Price had made with them--to recognize them as a minority power; to recognize Agnich, who was the leader, as the minority leader; to provide them with a minority party office and staff, and this wasn't just one person but several people; and to recognize them on the important committees.

Marcello: I would assume that the Republican support for Price was rather important since he won by seventy-seven

to sixty-five in a runoff. So I'm not exactly sure how many Republicans there were in the Legislature, but in a vote that close these Republicans were very important.

Stroud: There were eight. It actually was, you might say, the difference.

Marcello: Well, during that election you mentioned awhile ago that both Zan Holmes and Jack Hawkins were nominated by various members of the "Dirty Thirty." Why did the "Dirty Thirty" throw in those people?

Stroud: Well, I think they were sincere in nominating Zan Holmes because some of them, I don't think, their consciences would have been clear to vote for Hale, and this was an out. Hawkins was just a whim, sort of an escape valve for people that didn't want to vote for either Price or Hale. As a matter of fact, we had one member from Dallas who voted for him-- Bill Braecklein--to get out from making the thing. I think he did wrong, but that's . . .

Marcello: Well, now what influence did Holmes have upon the outcome of the election? How many votes did he get? Do you recall offhand?

Stroud: As I remember he got either twelve or fifteen.

Marcello: So again we're speaking of a substantial number of votes.

Stroud: Right, which through it that no one had a majority.

Marcello: That's correct. Then this threw it into a runoff between Hale and Price.

Stroud: I think it split almost evenly on Holmes' votes that went to Hale and to Price, but he just needed so many _____.

Marcello: Well, now that's kind of interesting that people who would vote for Holmes then turned around and voted for Price. Doesn't that seem to be rather odd that they would do that?

Stroud: There were two votes I know from Dallas he got that went to Price, and we went because he was a Dallas person. We thought Zan Holmes was honest and had the highest integrity, and personally I thought that he'd make an excellent speaker. I was sincere when I voted for him, and I think that Chris Semos, who voted for him, was very sincere on it.

Marcello: Well, then I gather that in the final runoff you voted for Price, did you not, over Hale?

Stroud: Right.

Marcello: Now what were your reasons for this particular choice?

Stroud: Well, I'll tell you. I just couldn't vote for the same man that Mutscher and Shannon and Heatly voted for. I just couldn't live with my conscience. This was something that . . . I'd been saying I was against Mutscher. I thought he was wrong, what he did was wrong, and how he carried on the speakership was wrong . . . and I couldn't turn round and vote with him for a person that I knew was closely associated with him and had their support.

Marcello: I think this whole Sharpstown business has more or less tarnished Hale's reputation just a little bit.

Stroud: Oh, it did, and especially since he was on the investigating committee, as you remember, and was quite critical of the federal judge down in Houston and was one of the factors, I think, in delaying a real good investigation of this.

Marcello: It's kind of interesting because he was always considered, I think, as one of the fairer-minded members of the House and as one of the more liberal members, or at least one of the moderate members. I think what has happened since that Sharpstown business has done a great deal to tarnish his reputation.

Stroud: DeWitt Hale in my mind was one of the fairest people

that I've ever known, and I was really surprised. I was really surprised! He and Menton Murray--both of them were on the investigating committee--and some of the things I just couldn't understand. I think this was one of the things that I said that Hale wasn't a Mutscher man originally, but he became one, I think, during Mutscher's second term. DeWitt Hale had written most of the reform rules. As a matter of fact, these reform rules that they have adopted now are the ones that DeWitt Hale advocated back in '65. They speak of new reform rules and this going in with Price Daniel or Rayford Price or anything. This is the same thing that was put up then, and it's not original at all. They just took them and kind of rehashed them, added a little glamour touch to some of them, changed the names of the committees, and put them back up again and claimed, "These are my rules!" But they're the same ones, and they were originally DeWitt Hale's rules. I think he had proposed them even prior to '65.

Marcello: Well, subsequently right after Price's election as speaker of the House of Representatives, he then proceeded to name his committee chairmen, and, of

course, among others that he named were Bill Finck, of course, who became the new chairman of the Appropriations Committee. As I recall, Ed Howard was selected as chairman of the House Administration Committee. Both of these were rather powerful committee assignments. Were these again rewards for their having supported Price in the runoff or in the House election?

Stroud: Well, I know definitely this was true in Bill Finck's case. Bill Finck had been a member of the Appropriations Committee prior to this time and been highly critical of Heatly's conduct. This is one thing that he wanted more than anything else, and I think that Bill Finck was extremely active. He was with Rayford Price every time he came down here, let me say that, and every time I met them in Austin he was with him and was a very close friend of his and I think helped him raise money and so on like that. Bill Finck's a very fine person and I think a very fair person.

Marcello: You mentioned awhile ago that one of the ways in which a lobbyist can help a candidate, of course, is to contribute money. Now how important are financial

contributions in a race for the House speakership?
In other words how would the money be used, let's say, in a campaign to become speaker of the House of Representatives?

Stroud: Well, it's all-important because you have travel money to take the candidate for speaker around, plus a selected group of members. Then there's the receptions that you give for the old members that you honor or for the new members-elect, and these things become very expensive. You have to have this campaign fund. I think that the \$50,000 that Rayford Price said it cost him is a very minimum figure. I expect that Ben Barnes spent twice that much. But they're absolutely necessary, and I don't know whether you know it or not, but now the lobbies and everything have embraced Price Daniel. They've recognized that he is going to become the speaker. They had a party here for him--the five or six hundred people, the businessmen--when it was well known that almost the entire group had supported Rayford Price a hundred per cent.

Marcello: The lobby is very pragmatic.

Stroud: Oh, extremely so! You can be at the top of the heap one day and at the bottom the next day, and especially if they don't think you have any future. I don't think they've entirely dropped Ben Barnes, but I can tell you a lot of that support is gone--well, a major part of it--because it's sort of "Long live the king! The king is dead. Long live the king!" They make no bones about it; this is their business. No matter how honest a man you have as speaker, this sort of thing is going to turn his head just a little bit, and it's going to make quite an impression on him. Now I do think that the one-term speakership is going to change a lot of this because a lobby can't afford to put out that much money if a man is going to be in there one term and the members knowing he's just going to be there one term. So this is going to make a lot of changes. I hope they put that rule permanently in effect because the speaker of the House should be a presiding officer and not exert unusual powers over the legislation. He should see that every piece of legislation has a fair hearing. This goes back down to the committee hearings, too.

Marcello: Well, now I guess it was also during this special

session when some rule changes were made in the House.

Isn't that correct?

Stroud: Oh, yes.

Marcello: In fact I think there were about sixteen changes altogether that were made in the rules. Now is it safe to say that most of the rules changes resulted from the repercussions of the stock fraud case?

Stroud: I would say definitely so. Immediately after his election and for the next few days Rayford met with groups, all members, for any proposals in the rules changes. As a matter of fact, he came to terms of agreement with the "Dirty Thirty" after they had voted against him and accepted, I'd say, the majority part. They were very happy with his acceptance of their rules change.

Marcello: Of all the rules changes that were adopted by the House, which ones do you think were perhaps the more significant?

Stroud: Well, there were some adopted and have been amended several times since then, and at this time I don't think they've printed up a final version of the rules changes. We even adopted some the last session, the fourth called session, but I think the reduction

in the number of committees was an important thing. We had far too many committees. Some of them never even met. I think that the reduction in the number of committees that a person could be on was very important because he was spreading himself too thin, and if he was chairman of an important committee, he couldn't be a member of more than one other committee, or maybe a committee like the Appropriations, no other committee--that this was very important. There were certain other changes. I believe in the limited seniority. I notice that now they have proposed to knock that out, but I think this is good. I think the rule changes to provide for permanent staffing of committees was excellent. Here before it was impossible to recognize how those committees operated with one clerk that was serving two or three other committees. You'd just split his time, and in between time you had to beg for help or use your own help.

Marcello: I would gather that a lot of times in that instance you would have to depend upon the lobbyists for information concerning certain bills and this sort of thing, and probably with a staff now you can get

behind that somewhat.

Let's switch now to the third special session that was called by Governor Smith. Essentially, of course, the purpose of the third special session was to enact what Smith called his no-tax budget. It was a budget calling for appropriations of somewhere around \$4.1 billion. Now before we start talking about budgetary matters, how did the legislators feel about all of these special sessions?

Stroud: Well, I think a lot of them resented special sessions. It called them away from their businesses and their homes. All the special sessions up to this point were mandatory. As I said on the last one, it was because of a court ruling they had to. On this one it was because there was no money after September 1.

Marcello: In other words, during the past . . . well, during the regular session of Sixty-second Legislature they had passed a one-year budget. Isn't that correct?

Stroud: That's right.

Marcello: Now they had to budget for another year.

Stroud: That's right. This was unusual because Preston Smith here before had been against two budgets, a yearly budget. When we were considering the budget, we

had a two-year budget, and he was going to veto it to make a one-year budget out of it. All of a sudden he had flip-flopped, saying that we could save money because . . . and I think he was right, too. We could depend more on what revenue we had that came in that was over and above the estimates and use it.

Marcello: Also, didn't he only want that one-year budget enacted originally because he was counting on some federal revenue sharing also?

Stroud: Absolutely. He had put quite a bit of faith in the revenue sharing and also help on the welfare program from the federal government that hadn't been forthcoming, in other words, where they would agree under special circumstances to share in some other parts of the welfare that they hadn't before.

Marcello: Well, once again, before we start talking about budget matters, I guess, to say the least, this third special session was a rather unusual one because by this time the governor, lieutenant governor, the speaker, and the attorney general all had been recently defeated at the polls.

Stroud: This is correct.

Marcello: Now what sort of a situation did that fact create in the House during this third special session? How would that shape the way that things took place-- the fact that you had all these lame ducks including a great many lame-duck legislators? Was it about half the Legislature that were going to be lame ducks?

Stroud: Yes, at least half, at least half. Of course, the general election hadn't been held yet so there could have been even more than that. Perhaps all three of the presiding officers were a little less interested in the outcome than they would have been if they were going to be returning either to that position or a more important one.

Marcello: In other words, would it be a safe assumption to say that perhaps because there were so many lame ducks there consequently wasn't as much close interest in a budget bill as there might have been otherwise?

Stroud: Well, this is right.

Marcello: Now this is not to say that a sloppy budget bill was passed by the House or by the Legislature, but would it be safe to say that perhaps the bill wasn't given as close a scrutiny as it otherwise may have

gotten? It's also probably safe to say that perhaps legislators didn't fight as hard for some of their pet projects as they may have done otherwise.

Stroud: I think your last statement is probably the prime thing. A lot of the pet projects--let's say not pet projects but projects that they had been interested in over the years such as mental health or highways or water appropriation--weren't pursued quite as actively as they would have if they were coming back. They would still vote for it, but there just seemed to be just not a great deal of enthusiasm on the majority. I say the majority, even some of those that were coming back.

Marcello: Now I gather that Smith's budget was a rather bare-bones budget. Like we mentioned, it called for about \$4.1 billion in appropriations. Smith claimed, of course, that it wouldn't require any new taxes, and I gather that there probably wouldn't be any new programs funded in that budget, or very, very few new programs.

Stroud: This was his wishes, and his budget didn't include any new programs except for certain educational institutions, I think, that had been authorized,

and then only to a limited amount.

Marcello: What did you personally think of his budget--of the one that he proposed? Did you think it was an adequate budget? Did you think it was a fair one? Where do you think it was deficient?

Stroud: I think for the time that it covered and in the year that we were holding this special session it was probably one of the best budgets that we could come up with.

Marcello: Well, where do you think that it was perhaps deficient? Were there any areas where you thought that Smith didn't give proper priorities or anything of this nature?

Stroud: Yes, I thought in the field of mental health and mental retardation that we quite inadequately funded that program, which could have used a lot more money and would've probably saved money in the long run because of high construction costs later on. But this is one of the things that you get lost in an economy move, and if you could feel the pulse of the public, they were in an economy mood. I mean there was a great, strong feeling of no taxes or any budget that required any taxes, and I think that most of us were willing to accept this as a fact of life at this time. We'd been

very progressive up to this budget, maybe overly so. A lot of people seemed to think so, that we had overextended ourselves and that it was time to take a second look at everything. We had a lot of agencies that were coming in with exorbitant budgets.

Marcello: I gather, for example, that Texas Industrial Commission drew quite a bit of flak.

Stroud: Yes, they did.

Marcello: What was the reason for this?

Stroud: Oh, I think that they thought that this was one of the areas where we shouldn't be spending a tremendous amount of money, that natural growth had provided funds without . . . and there's a lot of criticism of the Texas Industrial Commission.

Marcello: Now it is primarily responsible for promoting Texas products and so on overseas and this sort of thing, is it not, and within this country I suppose?

Stroud: That's right and trying to get industry to locate in this state. Of course, you know that private enterprise does a lot of this anyway, but I guess the greatest lure that's being made is being made by utility companies and chambers of commerce. They've put a lot of money into ads and a lot of effort to

bring them in. I share the same feeling.

Marcello: I would assume that, generally speaking, most of the House shared in this feeling, too, because it more or less within the \$4.1 billion budget that Smith had proposed.

Stroud: That's right.

Marcello: There really wasn't . . .

Stroud: The House was much lower than the Senate version of the budget.

Marcello: Well, why is it? It seems like the House versions are always lower than the Senate. What is the reason for this?

Stroud: Oh, I think that the Senate may be traditionally a lot more generous, especially in government spending, than the House has been.

Marcello: Usually I think the Senate is a little bit more liberal than the House also in most cases, isn't it? I don't know if it's safe to say that liberals perhaps have a propensity to spend more money than conservatives or not, but this perhaps may be one of the reasons.

Stroud: Well, I think the Senate has a closer relationship to state agencies than the House does. This is easily understandable because you can almost say each Senate

is . . . this is his state agency and this is the one he looks after, where in the House with a 150 members it's a little bit hard to say that.

Marcello: Now I gather also that during this third special session there was some request that the governor open that special session to items other than the passage of the new budget. As I recall, however, Smith generally refused to open that session to new legislation. Why do you think this was? Do you think he was taking into consideration the fact that a great many legislators were involved in election campaigns?

Stroud: Yes, and I think that a great many of the requests for opening the session up would call for additional appropriations of money.

Marcello: Of course, this is something that he wanted to avoid.

Stroud: That's right. As a matter of fact, there was a deficiency of something like \$244,000 in paying for the elections, and he wouldn't even open it up to that, which was later on one of the reasons for calling a fourth special session. I mean he was that tight that he knew this would call for additional money, and he just wasn't going to open it up for it.

Marcello: Why do you think that Governor Smith was so tight-fisted concerning budget matters during this session? After all, he was a lame duck; he didn't have to answer to anybody.

Stroud: Oh, I think that Governor Smith wanted to go out of office with an economy-minded reputation, plus the fact that I think there was still a holdover of a fight with Ben Barnes, who was proposing a much larger appropriations bill. There were some political undertones all the way around on it.

Marcello: Did you see evidence of this during the session?

Stroud: Oh, yes. Yes, I think it was quite true. It might have been even more evident in that during this session he had some two to three hundred appointments be confirmed. Barnes was still in charge of the Senate. Even though he'd lost, he was still lead man. He was trying to make some deals on it.

Marcello: Of course, it was during this session where Smith was presenting over 300 names of people for various appointments, and as I gather, some of his nominees did run into quite a bit of flak in the Senate. Of course, the House doesn't have too much to do with appointments at all.

Stroud: Oh, I would say no because they don't vote on it. They do have some pressure put on them--say, if you can influence your Senator in any way. I think this is quite true in the case of Larry Teaver for insurance commissioner.

Marcello: Then, of course, later on Bob Bullock.

Stroud: And later on Bob Bullock.

Marcello: But again, I think you are correct . . .

Stroud: They confirmed Bob Bullock as secretary of state during this time . . .

Marcello: . . . right . . .

Stroud: . . . but turned down Larry Teaver as insurance commissioner.

Marcello: Right, and then in the fourth special session they turned around and voted down Bullock for the Insurance Commission.

Stroud: Right.

Marcello: But I think you're correct in stating that certainly the battles did erupt over some of these appointments were an extension of that long feud between Smith and Barnes.

Stroud: Right.

Marcello: I don't think there's any question about that. Well

anyhow, I think that's about all that happened during the third special session of the Legislature. Then, of course, later on Governor Smith called a fourth special session of the Legislature.

Essentially, this particular session was called for the purpose of revising the state system of insurance controls or whatever you wish to call it, and, of course, for appointing somebody as chairman of the State Insurance Commission. Smith ostensibly called the session to bring about insurance reform. Do you feel that this was his true motivation, or did he have some sort of axe to grind in doing this? In other words, in calling this special session to consider insurance reform, do you think he had consumer interests in mind, or did he have some sort of axe to grind against the insurance industry?

Stroud: I think it was a dual purpose. I might go back to the prior one that . . . I think Larry Teaver would have been an excellent choice, and I do, in spite of what they say, think he was consumer-minded. I think his turndown by the Senate hurt Smith personally, very deeply, and probably was one of the reasons that he called four sessions. I don't know whether he

thought his chances were better of getting his new man approved or whether it was to teach the insurance industry a lesson.

Marcello: Well, I gather that the insurance industry had been against the appointment of Teaver as chairman of the Insurance Commission.

Stroud: Oh, yes, I think this was definitely so. They were against the approval of Bob Bullock. As a matter of fact, Austin was full of insurance lobbyists on this fourth called session. I didn't know there was so many. That's all you saw, except there were a few others down there to see that certain bills didn't get opened up to it. There were more pressures brought during this session than I've ever seen before on a bill. Of course, they could concentrate on one thing, whereas during a regular session if it had come up, they would have had to take their turns. At the same time, I think the House and the Senate could concentrate on one thing--a good insurance bill.

Marcello: What sort of pressures were the insurance people putting upon the legislators? Take you personally.

Stroud: Personally, they didn't bother me. I had already come out publicly for Smith's proposal of competitive

insurance and for calling a special session, even though at that time it just meant a lot of inconvenience. But I really had hopes. For one thing we were a bunch of lame ducks, the pressures would be removed from us, and we could go in and really do a good job. This was evidenced by the consumers, and I say the consumer wasn't limited to the average man and his family because I got letters from big businessmen, and they would say they were highly in favor of competitive insurance.

Marcello: In other words, you do feel that a present insurance rates are too high in Texas?

Stroud: Yes, sir, I surely do.

Marcello: In other words, carrying this one step further then, you would probably be under the impression that the State Insurance Commission hasn't been doing its job?

Stroud: I don't think they have. I think they're maybe influenced unduly by the insurance industry. I think that they rely too much on insurance statistics. I know that Employee Casualty was one of the insurance companies that had their lobbyists down there and was against this. Yes I read in the paper just yesterday where they reported the largest earnings that they've

had in their entire history.

Marcello: You mentioned awhile ago that the Texas Insurance Commission depends upon statistics too much. Are you referring to statistics which are handed out by the insurance companies themselves with regard to profits and this sort of thing?

Stroud: Right, right. Up until a short time ago the board had no staff to do research on this, and all they would do is take the insurance companies' figures and use these to base it on the rates. Well, that's just like letting them set the rates itself.

Marcello: Well, now apparently there were some insurance companies however that were in favor of competitive rating. I wonder why this was? Maybe you didn't run into any of those in Austin.

Stroud: Yes. There are two of them that I know of, very large insurance companies operating in the State of Texas, that were highly in favor of competitive insurance.

Marcello: Which two were these?

Stroud: They were Allstate and State Farm Mutual. They insure the majority of the motorists. Most of the companies that were fighting this were the small companies who

couldn't really meet competition.

Marcello: In other words, they couldn't compete with these two giants?

Stroud: No. Or they couldn't compete with some of the others. Now I'm not saying that a monopoly is good, and they were using the argument that once they got all the business, or the majority of it, then the rates would go up because you'd lose your competition and you'd be like, "I'm the only telephone company in town, but I don't want to act like it." But this, I don't believe, is correct, and I don't think necessarily that a small company operates at a greater overhead than a large company. I think the larger the company the more you have like a bureaucracy. The larger you get in a bureau, well, the more overhead you have and the more political innertones you'd have and the more waste you have and the higher salaries you have and the more costs that accumulate.

Marcello: At the time that the special session was called, did you feel that thirty days was an adequate amount of time to write a comprehensive insurance bill?

Stroud: Absolutely, because they had nothing else to do, and they brought . . . oh, there was some criticism

that this wasn't time enough. There were more witnesses testify on this proposal than ever testified before on one single bill, and there were witnesses brought in from several states, commissioners of insurance from several states, insurance industry representatives from all over the country, consumer groups. There was a thorough hearing. They kept the meetings open night and day and on the weekends even.

Marcello: These were joint hearings, were they not, that were held between the House and the Senate?

Stroud: Some of them were, but it originally started out as individual hearings because, as you know, the House had two bills. One of them was the governor's bill, and the other was a bill by Don Cavness. Ironically, he carried both bills--the governor's and the other one. Over in the Senate they had two bills--the governor's bill carried by Senator McKool, and Oscar Mauzy had a bill--so that they had hearings on those over there and over in the House on those two over there.

Marcello: Well, now I gather that both Grant Jones in the House and Doc Blanchard in the Senate were reluctant to

investigate competitive rate-making. Now Jones headed the insurance committee in the House, and Blanchard did in the Senate.

Stroud: No, Ace Pickens headed it in the House.

Marcello: Right, okay.

Stroud: But Grant Jones was the leader.

Marcello: Why was it that Jones and Blanchard were perhaps so hesitant to investigate competitive rate-making?

Stroud: Well, I don't know about Senator Blanchard. I do know that Grant Jones is in the insurance business. I might say along with us on that committee and on the conference committee was Fred Orr, who is in the insurance business. The chairman of the committee, Ace Pickens, I think is an industry man. So you had your shots called I think. I saw this as the days went on, and into, I'd say, the first part of the third week I knew that there wouldn't be any bill passed.

Marcello: What led you to that assumption?

Stroud: Well, I could see the movements that were being made. I don't think that the leadership in the House wanted the bill passed. I think the speaker had been influenced by the insurance industry and

was being influenced at that time. Oh, I can say that overall he ordered a fair hearing for both bills or any other bills that were proposed. Representative Fred Orr wrote up an entirely new bill, and he at one time said that he was for competitive insurance. Over in the Senate they weren't so strong against competitive insurance. As you remember, they reported out Senator Mauzy's bill, which was much stronger than the original Smith bill or Don Cavness' bill. As a matter of fact, when the bill first came out in the House, there were several amendments put on there. Dave Allred put an amendment on there that really . . . they had put it in the fire then!

Marcello: We'll talk about that a little bit later on.

Stroud: And the majority of the members went along with it, and I thought that maybe we were coming out with something at that time. But then . . . it was Don Cavness' bill, and Don then threatened to just withdraw it completely. So I said, "Well, this is the end. Now to try to salvage some of the thing or take the amendment off or something like that and then into a conference committee and there it dies."

Marcello: Well, going back just a little bit, in talking about competitive rate-making, in addition to the committee headed by Ace Pickens, wasn't there also some sort of a committee which had been chaired by Price Daniel, Jr., that had looked into competitive rate-making? Maybe this was some time earlier.

Stroud: Well, I don't think there was any formal committee headed by Price Daniel, Jr., but he was publicly against competitive insurance.

Marcello: Well, I gather that from everything he said he believe that Texas had fairly low automobile insurance rates in comparison with other states.

Stroud: Yes, he did. But as I said, I don't know . . . I know there was no formal committee headed up by Price Daniel.

Marcello: Well, also, of course, in addition to bringing about insurance reform during this special session, it was also a part of Smith's objectives to get Bob Bullock confirmed as state insurance commissioner. In essence I think Smith would have been taking care of an old political crony as much as anything else. I think this is a safe assumption to make, is it not?

Stroud: I think that you could say that that's part of the reason. I think the other part of it is--and I want to state this to be fair--that Bob Bullock is a fighter, and he's a tough fighter. If he'd been confirmed as insurance commissioner, he would have been the hardest man to control they'd ever had. I think he would have made an ideal man, you have to have a man that's not real nice and will say, "Well, we'll check." It has to be one that's just real firm and will say, "Look, I'm the head here. We're going to protect the policyholders in this state, and I'm going to do it regardless!" And as you know from Bullock's previous statements in his fights he's had that he won't quit. As a matter of fact, he's still fighting! Then I think this was a thing that probably Bob wanted, and I believe actually that he asked Smith for this appointment. I don't think this was one of Preston's thought-up things of going over the list and saying, "Well, here's good old Bob, and he's been a faithful and loyal man, and I'll just name him to this spot." I think it was something that Bob wanted and thought that he could do some good at, and he actually asked Preston for

it knowing full well in advance that he had enemies in the Senate. Number one, and the greatest obstacle, was Ben Barnes.

Marcello: Barnes, of course, broke precedent in a way by coming out and saying that he didn't believe that Bullock was qualified for this job.

Stroud: Yes, and I think that he also failed to ever state the reason that he and Bullock parted friendship. They used to be the closest of friends and staunch allies, and for some unknown reason there was a big break, and Bullock repeatedly said, "I think the lieutenant governor should tell you the reason." But there's no doubt that Bullock's lack of votes can be attributed directly to the lieutenant governor.

Marcello: Did you personally feel that Bullock did have the qualifications to become insurance commissioner?

Stroud: Yes, sir.

Marcello: Again, for the very reasons that you said. I assume that you believed that he wasn't going to be anybody's man if he did become insurance commissioner.

Stroud: And I don't think the insurance commissioner himself has to be an insurance man. Now this is what they were arguing over, that he had had no background

of insurance, and this is kind of foolish to say--to be president of the United States you have to have a background of being president. But I think this is more of a job of seeing that certain rules are made, that the program is carried out, and doesn't entail underlying abilities or items such as that which the professional insurance people have.

Marcello: Well, here now during this session, at least with regard to the House of Representatives, you were to consider insurance legislation. This sort of thing was taking place before the general elections were to be held. Now what influence did those general elections have upon the activity of the members of the state Legislature at this time? Now, of course, in a great many cases there were lame-duck legislators who wouldn't have to answer to the electorate in particular. But on the other hand, there were legislators who obviously were up for re-election or were up for election. Now what influence did the elections have upon their activity or their actions?

Stroud: Generally, I think it made them vote for, I shall say, some of the amendments that were put on the original bill because it was more of the consumer type

amendments which they thought with the elections might be an issue in.

Marcello: And again, I'm sure it was the type of an issue that one could demagogue for or against in a great many cases, and I think many of the legislators probably realized this, did they not?

Stroud: Oh, definitely so! As a matter of fact, the survey has been taken that even above the stock-fraud scandals insurance rates were the number one issue, the number one thing on the citizens' minds. I don't know whether it's because maybe there were more renewals are coming up right now--and most homeowners carry three-year policies--and they were beginning to get hit by it. The car rates were . . . whoooo! They were sky-high, and people were hollering whether they were a . . . two-hundred-dollars-a-month man or hundred-thousand-dollar-a-month man. They were hitting! It was hitting commercial companies.

Marcello: Well, later on then, of course, hearings were held. Did you perchance attend any of the hearings that were held with regard to . . . did you listen to any of the various testimonies of the witnesses and so on?

Stroud: Yes.

Marcello: You did. Okay, I think that one of the people who testified was Arthur Williams. Do you recall him? He was Dean of the School of Business at the University of Minnesota. I think he was one who testified. Another was Spencer Kimball, who was a law professor at the University of Chicago. Still a fourth one was Richard Barger, who was the California Insurance Commissioner. I think all of those people testified. The point I'm leading up to is this: do you think that the committee was fair and equitable in the witnesses that it did call to testify for or against competitive rate-making?

Stroud: I certainly think they were. I think that they went out of their way to present both sides of the picture.

Marcello: Incidentally, how does a committee go about deciding what witnesses to call? Who determines what witnesses will be called?

Stroud: Well, there are two ways. One of them is that you have a certain number of requests that come in and say, "I want to testify on this bill." This is mostly

an industry-minded request of people that want to bring in paid experts to testify as well as they testifying themselves. Then you have some consumer groups that come in. I think Common Cause is the essence of it. Then you have maybe the chairman of the committee or maybe even the speaker or maybe even some members who say, "I'd like for you to call Professor So-and-so who's had a great deal of experience and who testified in the Minnesota case and some of the others and invite him down"--which they did. I think that one of the reasons that the hearings went on is that they kept on inviting everybody that was suggested or would accept an invitation to come down and testify. They gave them all the time. I heard very little of the thing that says, "This has been said before. If you will just state briefly that this is your opinion also and give us your written statement." They just left it wide open and went right ahead with it.

Marcello: What role did F. Darby Hammond play in this affair? He, of course, was one of the spokesmen for the insurance industry. Do you remember anything about his activity?

Stroud: No. As I say, I listened to some of the committee hearings. I happened to have a bill myself I was carrying, and it was in my committee, and I devoted a lot of time to it. And observations from conversations in the hall and noticing how many insurance people were down there . . . and then the House debate on it.

Marcello: Well, what were the general opinions of the witnesses who were called before this committee? Did most of the witnesses feel that competitive rate-making would mean lower rates, or again were the witnesses evenly divided?

Stroud: I think that what you might say, if you eliminated those people that had a special interest in the legislation, that the other people were mostly pro-competitive rates. Now you must realize that also some people were trying to throw no-fault insurance in there, too.

Marcello: I was going to ask you. This apparently didn't come up too much during the legislative session actually . . .

Stroud: . . . no . . .

Marcello: . . . this whole bit about no-fault insurance. Was

there a special reason why Smith decided to exclude that from his insurance agenda?

Stroud: Yes, I guess this was a lot more controversial, no-fault insurance, because then you brought in the powerful group of attorneys who almost universally opposed no-fault insurance, and you would have really gotten into a hassle.

Marcello: Well, like you point out then, eventually what happened was that there were two bills carried in the House of Representatives. One of those bills was the governor's proposal, and then the other was the bill that was proposed by Don Cavness of Austin.

Stroud: Right.

Marcello: What were the differences between the Cavness bill and the governor's proposal? What was the essential difference? Do you recall?

Stroud: I think one of the differences was whether commercial interests were covered or not. One bill, which I think was the governor's, didn't include commercial coverage. Don Cavness' did. Smith's bill went a little bit further in rate-making ceilings than Don Cavness' bill.

Marcello: Now I gather that Cavness' bill really didn't have any ceilings in it did it?

Stroud: No.

Marcello: In other words, Cavness' whole idea was more or less to allow free and unlimited competition between the insurance companies, and then essentially the State Insurance Commission would decide whether or not those competitive rates were equitable or not.

Stroud: That's right.

Marcello: On the other hand, I think the Mauzy bill in the Senate and Smith's bill and then later on Allred's amendment all called for a certain ceiling . . .

Stroud: . . . that's right . . . it had a ceiling put on it . . .

Marcello: . . . a ceiling that was very similar to the way interest rates are determined today.

Stroud: Well, it was almost like saying that the ceiling is what it is right now when we enact this bill. You can't go any higher than this. You can go lower.

Marcello: But you can go lower.

Stroud: Right.

Marcello: Well, how did the insurance companies feel about this ceiling?

Stroud: Oh, they didn't like the ceiling.

Marcello: In their testimony and in their activities outside the halls of the Legislature, I gather that they actually campaigned against ceilings.

Stroud: Oh, yes, definitely so. As a matter of fact, when Allred's amendment went on, en masse they got up from the gallery where they were and just walked out because this was the death blow to the bill as far as the insurance industry was concerned.

Marcello: Well, I guess at this stage then we can comment about some of Allred's amendments, and I think one of the most important amendments that he proposed was this ceiling to be placed upon competitive rate-making. Then also, didn't he have another amendment which would have eliminated all discrimination . . .

Stroud: . . . on age groups . . .

Marcello: . . . on account of age groupings and so on . . .

Stroud: . . . and sex . . .

Marcello: . . . and sex in insurance rate-making.

Stroud: Which goes on now, you know.

Marcello: Right. Yes, correct.

Stroud: Same age, a woman's lower than a man. Both of them under twenty-five are charged more than those twenty-six.

Yes, it would have eliminated this. Also, there was the group insurance that was both in Mauzy's bill and in some of the amendments. I think Allred had this in his amendments, too.

Marcello: I gather that in essence then Allred was trying to place into the Cavness bill a great many of the things that had been included in the Mauzy bill.

Stroud: That's right.

Marcello: Was he supposedly the man who was carrying Mauzy's bill more or less in the House?

Stroud: Well, it was never known if he was, but it was very peculiar, this similarity of the amendments.

Marcello: Well, apparently the arguments got pretty heated in the House, or the debates got pretty heated between Cavness and Allred in particular as a result of these amendments.

Stroud: Well, I tell you, it was evenly divided between Cavness and Allred and Grant Jones and Allred. Cavness, is--I don't know whether I mentioned it--is in the insurance business, I don't know which was more upset. I think Grant Jones became more involved.

Marcello: What comments did Allred make that got Jones and Cavness so upset?

Stroud: Well, I think that he was sort of accusing them of being dominated by the insurance industry and not wanting really broad improvements in the rates and the regulations in the insurance companies.

Marcello: Would you care to comment on his comment? In other words, do you think that perhaps Allred had some grounds to stand on?

Stroud: Oh, yes, I think by indication of the vote that these amendments went on.

Marcello: Well, apparently at one stage things got so heated that Price even had to ask Allred to apologize for some of the remarks that he'd made.

Stroud: Yes, and I didn't . . . I think they were made on both sides, which they often are on something that was as a heated controversy as this was. I think that maybe some of Cavness' remarks such as, "Well, you just killed any chance for any insurance improvement then. You just killed it!" It was just a kind of insult to the House intelligence, too, because they put them on, and to say, "You shouldn't offer an amendment," is a terrible thing to say, too, because everybody has a right to offer his own thinking and form an amendment or by talking on it.

Marcello: Well, let's get this straight then. Cavness proposed his bill. Allred then proposed certain amendments. What happened to those amendments? Did they pass, or were they defeated?

Stroud: They passed.

Marcello: The Allred amendments passed.

Stroud: Yes.

Marcello: Okay, which meant then that the bill had to go back to committee again?

Stroud: No. No, what they did . . . I'm sure this is right . . . then they brought the other bill out and . . .

Marcello: . . . they brought out the governor's bill then.

Stroud: Yes.

Marcello: Okay. This is what I didn't understand.

Stroud: In the meantime, they got enough support, and they defeated Allred's amendments on the other bill brought out of committee.

Marcello: Okay, in other words, to get this straight, Cavness proposed his bill. The Allred amendments were passed. Cavness then in effect junked his own bill.

Stroud: I don't know which bill that actually he brought out. The governor's or one of the other in the committee. They were . . . right next number to each one. Whatever

one it was, they brought out, they defeated Allred's attempt to put all of his amendments on it. But it was close.

Marcello: Well, the second bill that was brought out wasn't too much different from Cavness' original bill, was it?

Stroud: A little bit--not too much.

Marcello: Now was it different enough that it meant the defeat of the Allred amendments?

Stroud: Oh, no, no. No, I think this was within the Legislature workings.

Marcello: Well, I was just wondering how you explain something like that. Here on the one hand they approve a bill with Allred's amendments, and then later on the House voted against the bill with Allred's amendments in it.

Stroud: Well, this is the power of the lobby. Copies of those that voted for those amendments are immediately sent out, and they go to work on people. Now I don't know, maybe Allred's amendment would have wrecked the insurance industry. I didn't think so. But it surely must have been serious enough that they would just pull all the stops out and went right ahead.

Now the bill that they finally passed and sent over was an improvement.

Marcello: Was it an improvement over the Cavness bill?

Stroud: No, an improvement over our present laws. Of course, Mauzy . . . amended it, and then the House rejected the amendment and threw it in conference committee. Then in conference committee there was no meeting of the minds.

Marcello: Nothing was done and, of course, the session ended.

Stroud: Mauzy even was going to go back and accept the House version but didn't quite get to it.

Marcello: Well, how great was the threat that Governor Smith would call a fifth special session? He had threatened at one stage or another during the debates over the insurance legislation to call another session.

Stroud: I'd say two weeks before the end of the session this had a great deal of influence on which way you voted, but as it got near the end, then you could see that there was no possible chance of him calling another one. There was even talk about introducing . . . the moment he called it a sine die adjournment. I believe they probably would have. They were thoroughly disgusted; everybody was, I guess, except

some happy industry people. They were saying, "Well, this was a very useful thing; we got a great deal out of it, and it will provide the basis for some good legislation when a new, clean, fresh Legislature gets here." But you have to remember, they have to go all through all of this over again, and there will be so many freshmen in there that are confused and don't know the workings of the Legislature that there will have to be more confusion than there was before. And I don't know, it might be seriously doubtful if we even get some meaningful legislation through the next session.

Marcello: I gather there was some doubt as to how serious Ben Barnes was about wanting insurance reform, too.

Stroud: Oh, I think this is entirely true. In spite of his friendship with Senator Mauzy, I think he was forced to give Mauzy his "day in court," as we'll say. Doc Blanchard didn't have the votes period to block it. But I think probably the lieutenant governor wasn't too disappointed. Smith had been for this so much that he couldn't be for it. This was just a fact of life.

Marcello: As you look back over your tenure in the Legislature, would you care to offer any comments concerning Governor Smith's place as a governor in the history of Texas? In other words, how do you think that future historians may look upon the two administrations of Preston Smith and Preston Smith personally?

Stroud: Oh, I think they'll put the governor above the average in one thing that he did--that he probably had his door open as governor as much or maybe more than most of the governors in the past to any member of the Legislature, and they were certainly given priority. I think that perhaps he wasn't as forceful enough in leading some of his proposals, and maybe this was because he had served and he thought this was the wrong way to approach it. But I think a governor has to be a strong individual and has to show extremely strong leadership in order to get anything through. His whole scheme of things was, "I have served in both houses, and these are my proposals, and the Legislature should consider these as the best proposals. But if they want to throw them back, well, I'll respect their judgment." But

I think he made many mistakes. I think he's attempted to correct some of them. I think probably his biggest mistake was the time that he proposed issuance of all these bonds, which was deficit financing in its third degree.

Marcello: That was during the Sixty-second Legislature's regular session that he offered that proposal.

Stroud: Right. I think one of his greatest moments was his threatened veto of the two-cent gasoline tax in the face of a strong support from a lot of people that were financially interested in road construction and cities who jumped on the bandwagon. I think this was one of the greatest things that he ever did. I think he became more consumer-minded towards the latter part of his terms.

Marcello: Why do you think this was?

Stroud: I think because of the increasing dropping of support of some of the industry people who by that time were flocking to Ben Barnes' side. And the more they flocked the more the governor got consumer-orientated. I don't think he'll be known as one of the greatest governors.

Marcello: He certainly was not a part of the Establishment. I don't think that you can really say that Preston Smith was ever in the Barnes-Connally Establishment-- anything of that nature.

Stroud: Oh, no, he never was, as a matter of fact, even back when he was in with all the other candidates and Eugene Locke was really the Establishment man. But his has not been a bad leadership. I think in some stages it was better than Governor Connally's. Connally tried to lead without the experience. Governor Smith, the other way, tried to suggest through experience. I think he was one of the most loyal governors to his friends, much more so than Governor Connally, and he stuck by them. And I don't think he was so colorless as some of the people suggested. He would always tell the joke on himself. I think his pronunciation of the Notre Dame coach's name . . . he would always tell that. I mean this is something he accepted as fact where some people are a little touchy on personal criticism. He didn't dislike the press as much as they liked to make out that he did. I think he had good press men, and I

think the press generally underrated him and criticized him more than they should have. Certainly he was available more; I think he stayed in his capitol and paid attention to his business a lot more. Generally, I think most of his appointments were good appointments. I think he was good to Dallas in spite of the fact that they kicked him in the teeth twice. You have to be a fair-minded man to be that way. We certainly didn't suffer.

I think Dallas had a very strong legislative team during my tenure in office; it was probably the strongest of any delegation down there. We had generally supported the governor--Governor Connally and Governor Smith. We fought them on some of the things that we believed in, but generally speaking, we supported them. I think it's been a wonderful experience. I wouldn't take anything in the world for it. I think every person, if they had the money--and I put money first--and the time and wanted to learn about the operations of state government and the feeling of it should go down there. I think it qualifies you for any other

position, public position, in the whole state. I believe I could be a much better city councilman, a much better county commissioner, now that I've had this legislative experience. You can't do it in two years. It's hard to do it in four years. I think you can get it in six years or . . . the more the better, although I think that after a certain period of time that you become a fixture instead of an operational member.

Marcello: As we pointed out earlier, you plan to go back into the Legislature again.

Stroud: Oh, yes. I think I've contributed a tremendous amount to this state in a number of bills, and both Secretary of State Martin Dies and Bob Bullock have written me and said that my contributions to the reform of the election laws have been the most that has ever been done and that both made recommendations now to the Sixty-third Legislature is to track my unified voting primary bill, which I'm sorry I didn't get to get through, but I think we're on the right track. We've had a lot of work done; we've made a lot of improvements. We made a lot of

improvements in traffic laws, safety laws. Perhaps I've supported maybe too much for institutions of higher learning, where I'm afraid that we might have overbuilt a lot of areas because it seemed the last session that every legislator, every senator, has got to make his junior college a full state university. I'm sorry we haven't made greater steps in mental health and welfare that we should have. I think in other ways we've done a lot for our parks and wildlife. I think we've done a lot in our roadbuilding. The Department of Public Safety has been almost tripled in strength and tripled in the regulations and laws to help it operate. I think we did a good thing when we blocked the Highway Department from building that building in front of the Capitol, that we exerted our rightful use of our legislative prerogative. I think that we've come a long way in water legislation. I think this is a much needed thing; there's a lot of work to be done on that. All in all it gives you a good feeling, maybe a little sad feeling, and you hate to leave your office that you've been in so long.

You hate to leave your staff that you've had. But then when you step out, you feel this great, heavy pressure relieved from you, and it's surprising how you wake up in the morning without that headache (chuckle).