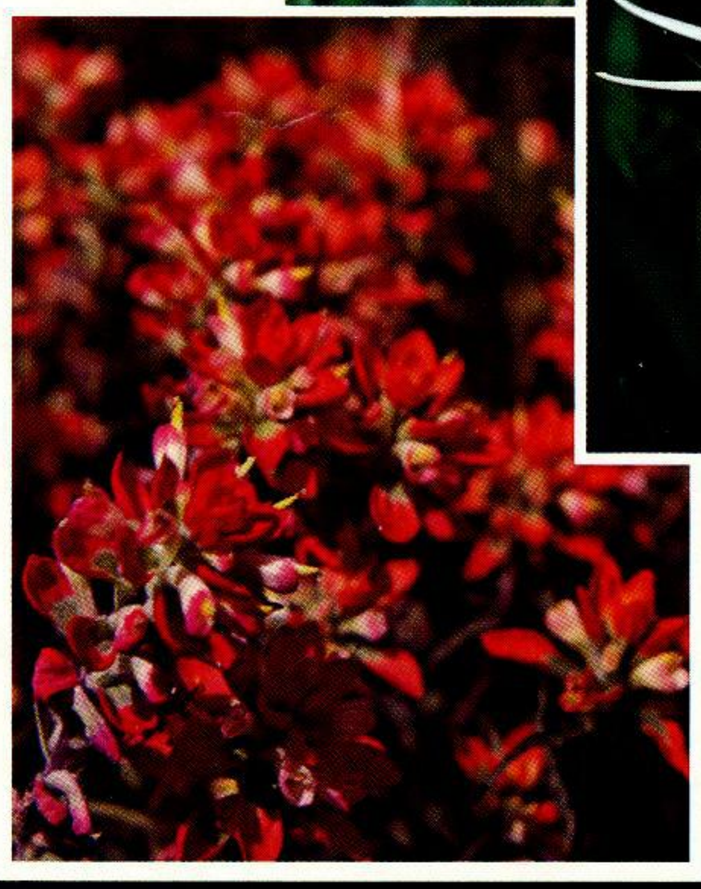
SPRING, 1981

Gulf States magazine

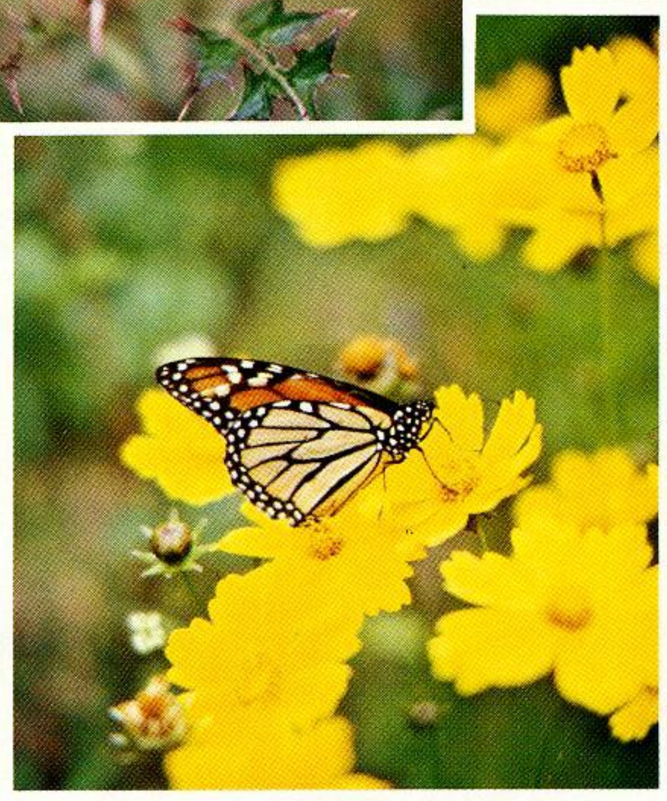


Springtime in Texas

Wild flower lovers can admire blossoms to their heart's content in Texas. The state is home to more than 5,000 species of uncultivated blooming plants.

Botanists credit the profusion of flowers to Texas' diverse geography, with elevations ranging from sea level to the peaks of craggy mountains more than a mile high. Rainfall varies from more than 56 inches annually in East Texas to less than eight inches in sun-baked West Texas.

Among the species found in East Texas are the official state flower, bluebonnets, the brilliantly-tipped Indian paintbrush and spider lilies — fragrant flowers with dramatic petals.



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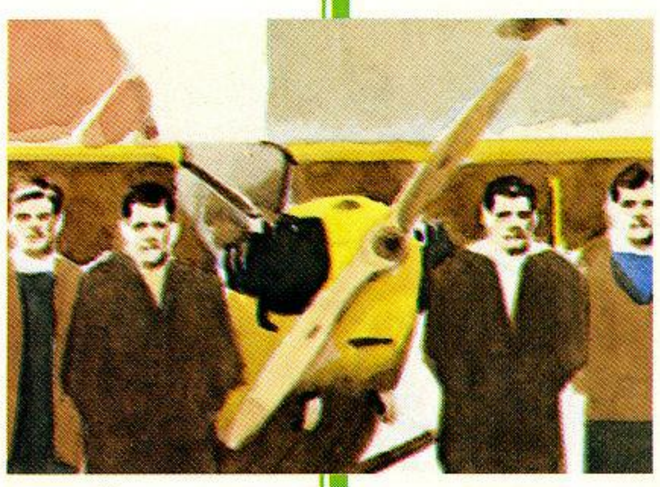

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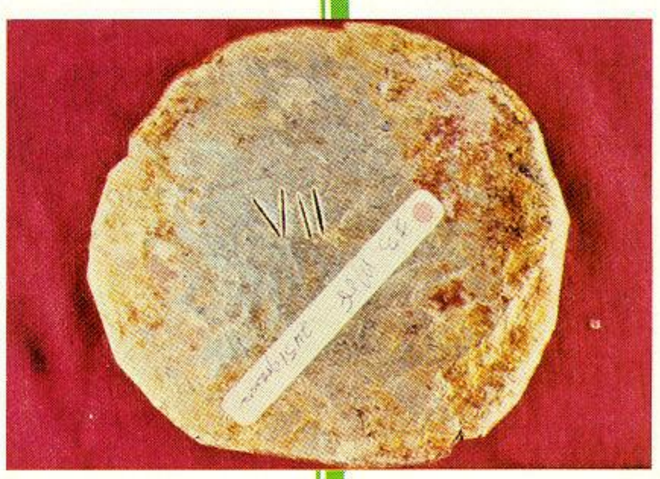

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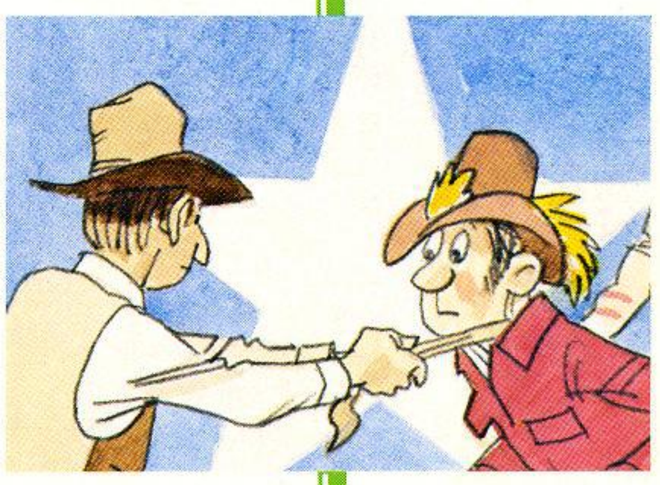

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About the Cover:
Photos by Ken Haynie
The roadsides of Texas abound with blossoms throughout springtime. In early April, an area near Navasota was blanketed with bluebonnets — a scene punctuated by the vivid red-orange hue of Indian paintbrush. Texans honor the abundant bluebonnet as their state flower.

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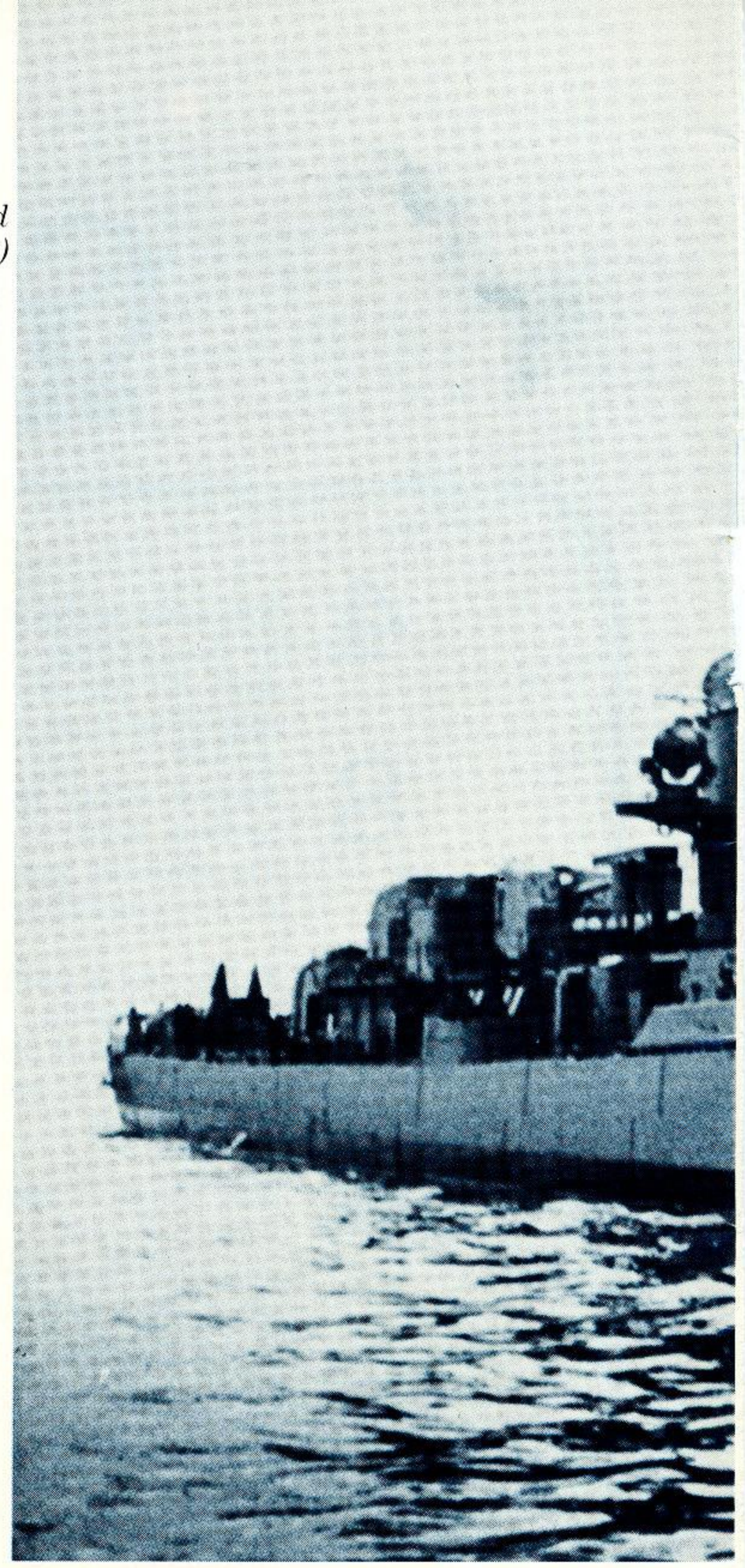


The U.S.S. Kidd *is shown during World War II. (Photo courtesy of the U.S. Navy)*

The New Kidd in Town

by Susan Gilley

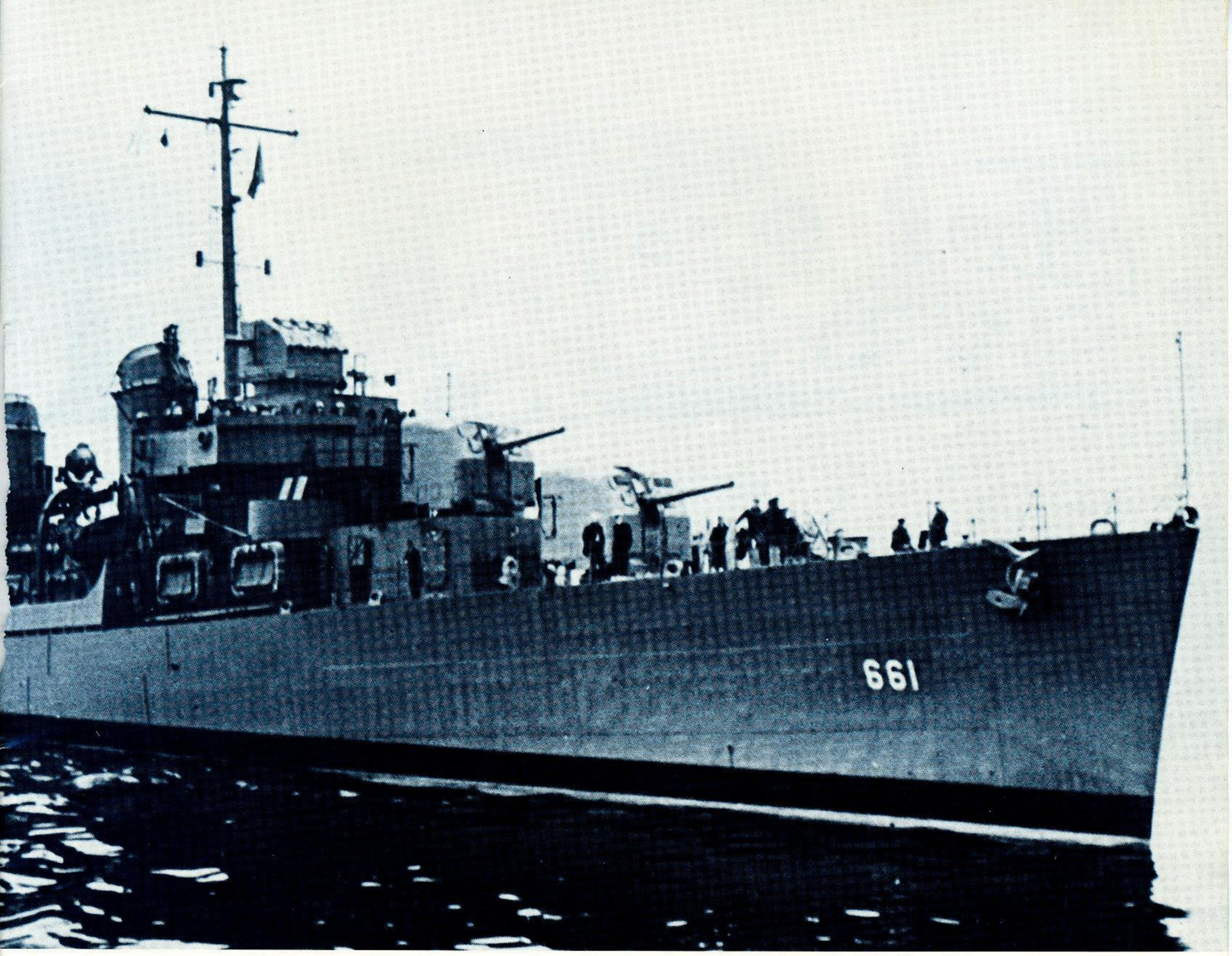
Baton Rouge readies for arrival of World War II vintage destroyer.

The year 1945, when World War II was winding down, was a time that Rene DeBlanc describes as "something that I like to look back on, but that I wouldn't want to look forward to."

By the end of that year, DeBlanc was back at his old job with Gulf States Utilities Company in Baton Rouge, decorated with a Purple Heart and still recovering from shrapnel wounds received while he was aboard the destroyer the *U.S.S. Kidd.*

Now, 36 years later, DeBlanc, who will turn 61 in July, says he is no longer bothered by pain from his war injuries. Nevertheless, his memories of his brief stint with the *Kidd* will always linger.

Although he has not seen the *Kidd* since April, 1945, DeBlanc concedes that he has "often wondered about what happened to my buddies."



This fall, DeBlanc, who is now plant superintendent of Gulf States' Nelson Station power plant near Westlake, may get a chance to renew some of those old ties.

As early as this August, the *Kidd* may be moored in a new berth of the Mississippi River in Baton Rouge — rescued from a Navy yard where it shared space with another destroyer scheduled to be sunk.

The members of the Louisiana Naval War Memorial Commission and other volunteers have worked for months to bring the ship to Baton Rouge, where it will be transformed into a permanent tourist attraction.

Without setting foot on the old vessel, however, DeBlanc can recall his days aboard the 2,050-ton ship, which was built in 1943 and named after Rear Admiral Isacc C. Kidd, one of the Pearl Harbor casualties.

Although wartime service represented a jumble of experiences for the then-24-year-old Louisianian, DeBlanc now asserts that the Navy "enabled me to do a lot of things that I wouldn't have, otherwise."

DeBlanc recalls that on April 1, 1945, the *Kidd* and other ships had patrolled on constant radar picket duty as the Navy's 5th Fleet participated in the invasion of the island of Okinawa. The small island was considered of crucial strategic importance to the Allied forces since it lay only 340 miles from the major Japanese island of Kyushu.

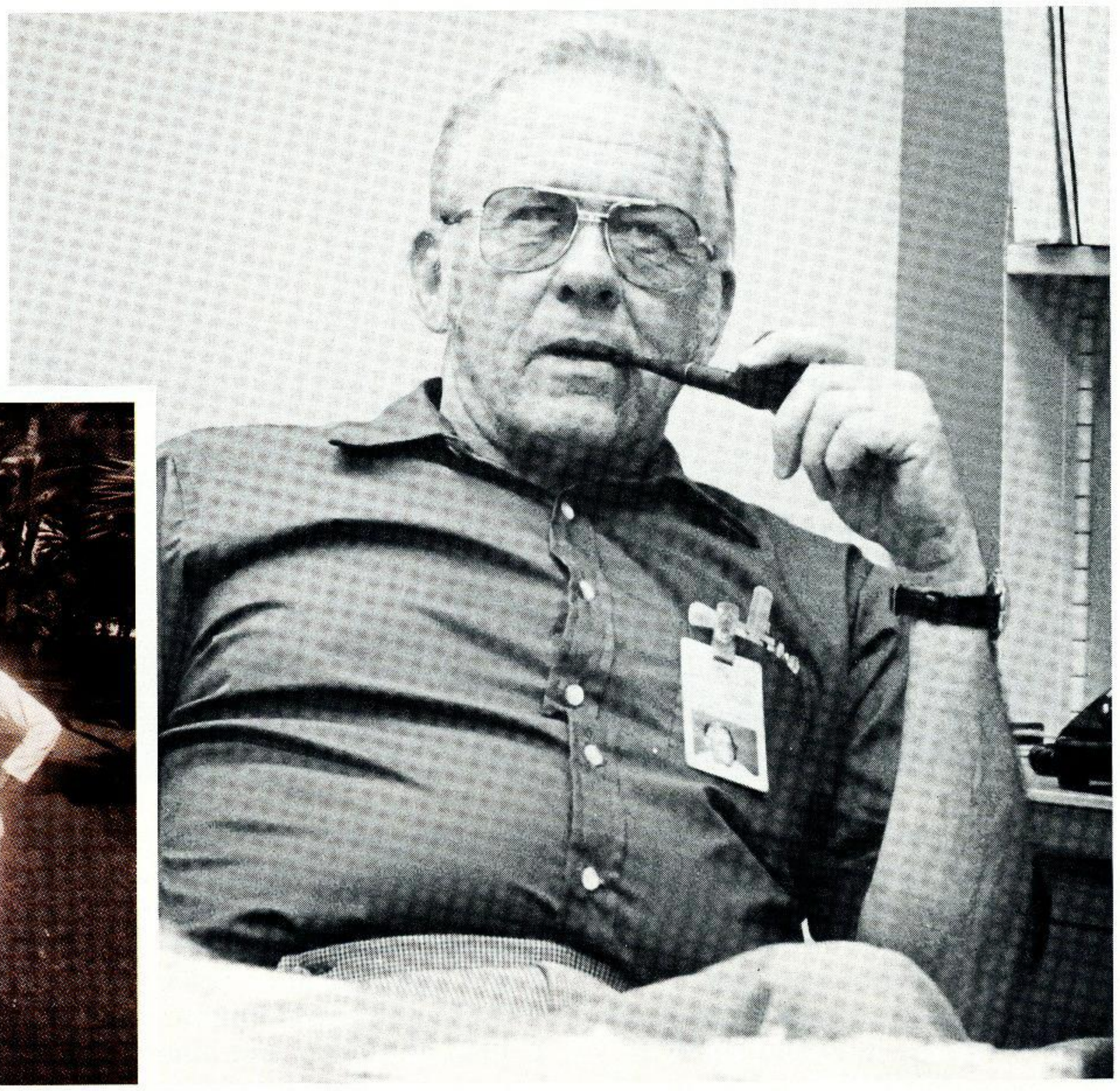
Following the invasion, the *Kidd* had gone back on radar picket right off the coast of Japan, where it joined other ships in encircling the aircraft carriers of the fleet and stopping attackers with a wall of antiaircraft fire.

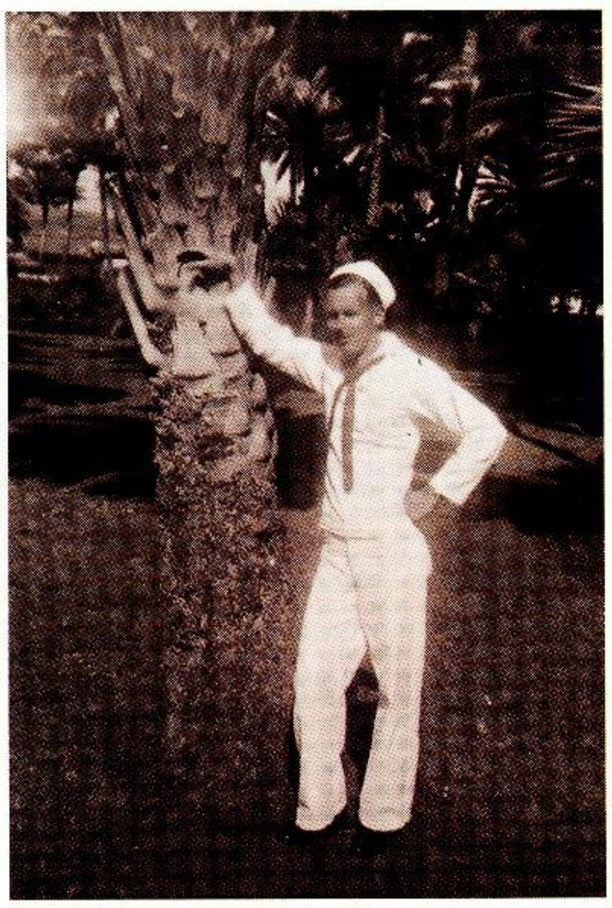
But DeBlanc and the other sailors in the East China Sea that April were confronted with a form of warfare that almost boggled their minds. They were the prime targets for Japanese suicide squadrons — the kamikaze pilots who willingly gave up their lives in a frantic, last-ditch assault on the Allied forces.

DeBlanc was one of about 90 men assigned to the *Kidd*, and his job as director-operator for the fire control department was to control firing of the twin 40s, or 40 millimeter antiaircraft guns. Beneath him were stationed two other sailors — a pointer and a trainer — who would take over the firing manually if the electric controls were to go out of service.

Suddenly that afternoon, DeBlanc found the ship under attack from both sides by kamikaze pilots. Just as he shot down one plane, he heard a loud explosion as another plane struck the

DeBlanc muses about his days on the U.S.S. Kidd.





Twenty-four-year-old Rene DeBlanc poses for a buddy's camera while in Pearl Harbor in early 1945, during a stop on the way to join the 5th Fleet.

Kidd at about water level on the other side.

The next few hours were chaotic as the remaining crew assessed the damage and hurried to catch up with a tanker fleet by the next day.

About 30 of DeBlanc's fellow crewmen had been killed, and he was one of several wounded seamen placed in the ship's head, or bathroom. Since the ship had lost its forward steering, the crew switched to aft steering and headed for the tanker fleet.

For DeBlanc, those hours in the head were "eerie," as he wondered what was going on outside.

However, before transferring to the tanker fleet, then to a hospital ship and eventually to two different naval hospitals, DeBlanc was to witness a burial at sea that he still describes as "traumatic." The dead seamen, including the whole gun crew and some signalmen, were sewn up in blankets with five inch shells at their feet, then shoved overboard.

The end of World War II also meant the end of the military life for DeBlanc and thousands of other young men like him, but the *U.S.S. Kidd* was to remain in service for

Baton Rouge artist David Norwood created this comic strip to herald the arrival of the ***U.S.S. Kidd*** *in the city*

almost two decades. It was idled in 1964, after earning eight battle stars for service in the Pacific fleet, including action during the Korean Conflict.

The idea for turning the old destroyer into a memorial to be placed alongside a new naval museum originated with U.S. Rep. Henson Moore, but Baton Rougeans have seconded the proposal with their support of time and money. The entire project is expected to cost about $4 million, but by late March of this year, area businesses and residents had already raised nearly all of the $1 million in private funds needed as a 25 percent match for 75 percent federal funding. In addition, the city-parish donated the site for location of the ship — land valued at as much as $1 million.

Moore conceived the idea after visiting the *U.S.S. Alabama* in Mobile several years ago. According to Carol Emery, one of Moore's legislative assistants, the congressman first contacted the U.S. Navy about his proposal in late 1976, not too long after he began his first term in office.

"It took a couple of years for the Navy to find what they considered suitable" for such a project, Emery reveals, but Naval officials and Moore finally selected the *Kidd* about two years later.

The ship, which is valued at about $25 million, is the last of the Fletcher class of destroyers. Emery says it retains more World War II characteristics than any other destroyer, since most were retrofitted with Korean Conflict-era equipment. Until final Congressional approval — considered a mere formality — is given the proposal, the vessel will remain in the Navy's inactive ship facility in Philadelphia, where it shares space with another destroyer scheduled to be sunk.

David Norwood, a member of the 18-person commission and an artist for the Baton Rouge States-Item and Morning Advocate, says raising the money was not the only prerequisite to obtaining the *Kidd*. "The commission had to accomplish a half-dozen items before the Navy would release the ship," he points out. The checklist included preparing an environmental impact statement, obtaining U.S. Corps of Engineers' approval and U.S. Coast Guard approval, documentation to prove the financial ability to handle the project and, finally, Congressional approval.

Naval architects are checking out the *Kidd* for seaworthiness, although it will be towed to Baton Rouge.

Norwood put his imagination to work on behalf of the *U.S.S. Kidd*. Not only has he devised a cartoon strip (portions of which are reproduced in this article) commemorating the *Kidd's* wartime service, he also conceived a unique method of docking the destroyer.

Norwood wondered if the ship might take advantage of the river's annual cycle, somehow launching itself each year when the water rose, then dry-docking itself as the river lowered. The proposal was submitted to the engineering firm of Barnard and Burk, which successfully devised a mooring design that enables the ship to do just that.

As a result, during low water season, the ship will rest on a support pad that will leave it completely visible from the exterior — much as "a ship on a mantel," according to Norwood. When the river rises 17 feet above the normal stage, the water ballast will automatically empty, signaling the start of a spectacular launch that will be accompanied by the sounding of a collision horn and flashing of a lantern. The *Kidd* is expected to stay afloat for about six weeks during high water.

But opening ceremonies — which Norwood and Congressman Moore's staff hope will take place in August — should be just as spectacular as the annual launching. Moore has already requested the U.S. Navy Band to perform during the opening event and hopes to arrange an air show as well.

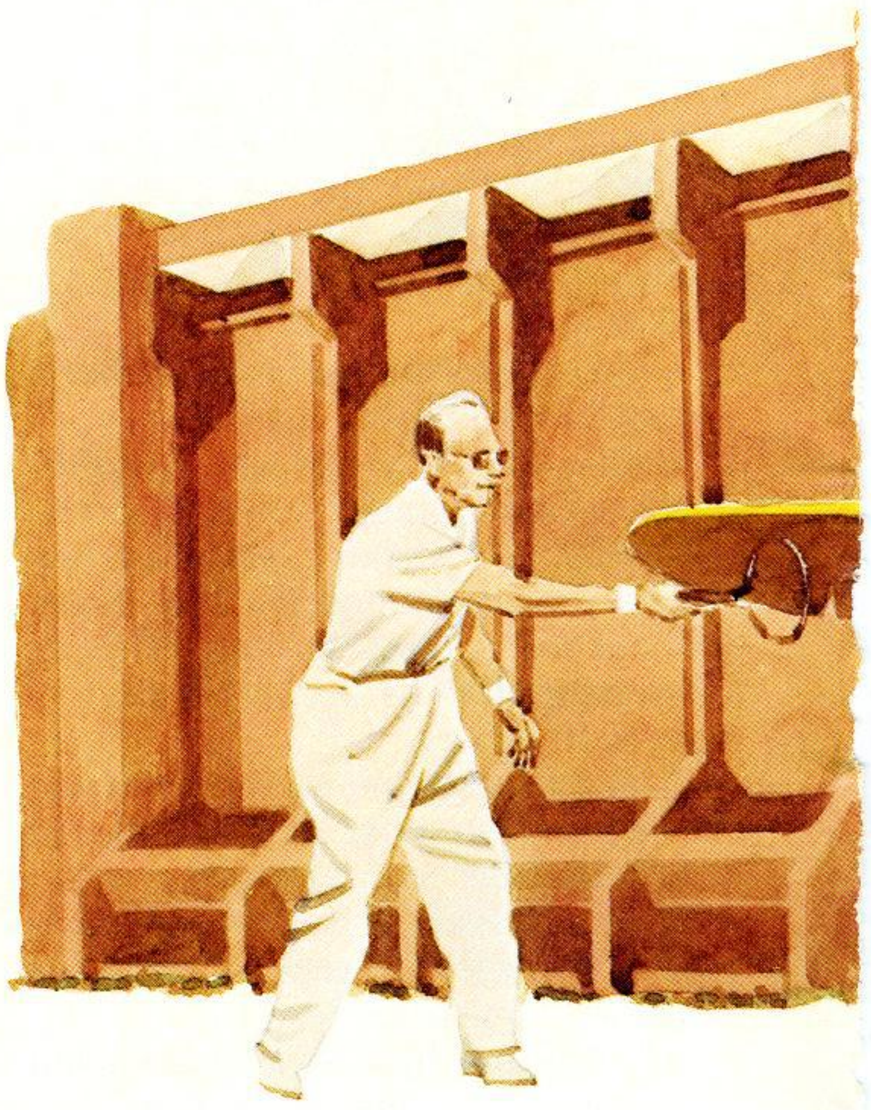
Although restoration of the *Kidd* will have to be done piece-meal, Norwood says the commission is already receiving bids for the work and hopes to complete "cosmetic" treatment for the ship's exterior before the celebration.

Once the destroyer is in Baton Rouge, it will be available for daily tours and possibly even overnight visits by youth organizations. A naval museum, to be located on the site of the old Naval Reserve building, will feature photographs, exhibits and memorabilia relating to the *Kidd*.

Among the first of the 200,000 persons expected to visit the center annually will be a Lake Charles man, who will already be familiar with the ship's layout, and his wife, Ruth. Although DeBlanc may not be quite the slim, dark-haired young sailor he once was, he says he hopes he'll recognize other *Kidd* veterans who may decide to attend the opening ceremony, too.□

John E. Gray, The BIGGEST Man On Campus

by John Roby



Educator.

The word just does not fit many people. In fact, it sounds kind of trite. It usually is just a pretentious way of saying a person is a teacher, principal or school administrator.

But put the word before or after the name John E. Gray and you've chosen the perfect word to describe the man who has been associated with Lamar University and higher education in general for one way or another for more than 50 years.

Writers of university press dispatches are fond of saying John Gray is synonymous with Lamar.

He is.

Gray is the most prominent product of the college that began on the third floor of South Park High School in Beaumont in 1923, and today is a multi-purpose, state-supported regional university offering degrees in 85 fields of study.

But to characterize John E. Gray by his achievements only in the field of education would be to ignore his many accomplishments in business, community life and service to others.

Indeed, the most recent honor granted him — the establishment of the John E. Gray Foundation and Institute at Lamar University — is as much a tribute to Gray for his educational skills as for his devotion to the overall prosperity and general well-being of his fellow Southeast Texans. (See related story on page 11 .)

Gray's comments that day were typical of the humility that has characterized his years of service

to the university and the area.

"By working together in this inspiring program we can . . . make a positive and constructive contribution to the productivity and destiny of our great nation," he said. "There is no way I could possibly deserve the high honor of having this institute and its supporting foundation bear my name. All I can do is appreciate it, which I do very deeply."

Gray's first exposure to public education came at age 9. Fresh from the one-room schoolhouse of the rice-farming area around Dayton, he attempted to enroll in South Park Elementary School.

But lacking a report card, his teachers were at a loss in which grade to enroll the reluctant scholar.

Among those who met the youngster on his first day of formal schooling was L. R. Pietzsch,

superintendent of South Park schools. Taking an interest in the plight of the boy, Pietszch posed a problem.

"What is one-fourth plus one-half?"

Gray recalls now that he immediately relaxed at that question.

A teacher in his country school once demonstrated the addition of fractions through the tried and true method of slicing an apple into quarters. The lesson of one-half plus one-fourth had stuck with the youngster.

"Three-fourths," was the unwavering reply, a response that the superintendent judged qualified Gray for the fourth grade.

Pietzsch and Gray were linked with a bond that Gray later said was a turning point for the frightened, confused boy.

After successfully completing the South Park grammar school system and achieving the rank of valedictorian in high school, Gray and his future wife, the former Mary Hahn, were among the first 125 students to register for the first day of classes of the new South Park Junior College.

Gray, a member of the school's first football team, was graduated as the top ranking male in the first commencement of the institution in 1925. After six years as a teacher and coach at South Park High School, he officially renewed his association with Lamar when the junior college separated from the high school and became Lamar Junior College in 1932.

Between 1932 and 1941, Gray taught government, economics and mathematics while serving at the same time as dean of men, head football coach and athletic director of the fledgling school.

Also during this time, Gray received a degree in government from the University of Texas and his master's degree from Texas in 1938.

Gray is the only person to serve two terms as president of Lamar. His first term lasted from 1942 until 1952, interrupted in 1944 by World War II and duty in the U. S. Navy.

While a serviceman, Gray put his educational background to work as an educational services officer, helping to develop and administer the program through which G.I. s were able to earn college credit.

Upon his discharge Gray returned to Beaumont to direct the transformation of Lamar Junior College into a part of the state system of higher education.

As president of Lamar, Gray presided over a masterful piece of work that was a mixture of lobbying, persuasion and finesse in convincing the legislature to appropriate funds that would, in effect, create the first new four-year college in Texas in 25 years. At the time, most observers felt the task was impossible, and that it would be at least 25 additional years before a college would crack the closely-knit clique of higher education in the state.

After the dust of the fight for a state charter for the new college settled, things slowed back to a familiar routine for Lamar and its president.

Part of Gray's presidential chores included extending the hospitality of the college to visitors, and it was not unusual one day in the first year after Lamar became a four-year institution for a group of businessmen to appear at the executive suite.

"I was sitting at my desk one day when a friend called to say he and a group of businessmen were coming over for a visit," Gray recalled later. "I decided to make them feel welcome, thinking they were planning to set up a scholarship or some other gift to Lamar. When they told me they had come to offer me a position in one of Beaumont's leading banking institutions, I was floored."

That was the beginning of Gray's long and illustrious career in the business world. Although the position at First National Bank was an abrupt change from that of the president's chair at the college, Gray saw the world of banking as a new challenge.

For two decades, Gray rose through the ranks to chief executive officer and chairman of the board of First Security National Bank.

At age 65 came retirement and a chance for Gray to take life a little easier and enjoy his grandchildren.

But after nearly 50 years of active life in the classrooms and boardrooms of two great institutions, first in education and then banking, Gray was still looking for new challenges.

During his 20-year absence from Lamar, the college had become a university. Gray accepted an offer from the regents to work in the development office of the university in 1972. Three months later, the former student, coach and president of Lamar was again asked to assume the chief executive's office.

The second time Gray served as president of Lamar lasted four years. Finally, in 1977, Gray turned over the presidency of the university to Dr. Bob Kemble.

But retirement still did not keep Gray away from Lamar.

He was asked to serve as director of the Brown Center at Orange, a magnificent home in that city which had been donated for educational use by a prominent family.

He also continued to serve as president of the Lamar Foundation and president emeritus of the University, a position bestowed on the day after his retirement from First Security.

He has had two buildings named for him on the campus he loves: Gray Hall, a campus dormitory, and the eight-story, $6.5 million Mary and John Gray Library dedicated in 1976.

He is recognized statewide for his service to education. He was a member and vice chairman of the Texas Commission on Higher Education and first chairman of the Coordinating Board, Texas College and University System, served as a member of the steering committee of the Interstate Compact on Education, and later as a representative to the Commission on States.

Most important, Gray is recognized for his contributions to Lamar University.

From meager beginnings when John Gray first enrolled in 1923, the university has grown to more than 250 acres on three campuses.

During Gray's last term as president, new campus buildings and improvements amounted to more than $20.5 million, or one-third of estimated total plant value.

The university's budget grew from just over $14 million per year to almost $22 million per year, with the majority of the increase going for the university's 520 staff and

430 faculty positions.

Lamar's student body grew from 10,400 to 13,500 during which nine new undergraduate degrees, five master's programs, four associate degrees and two certificate curriculums were added.

Alumni and community support reached an all-time high, evidenced by the additions to Lamar of the $3 million Port Arthur campus, the gift of the Brown Center in Orange, and the deeding of Gladys City to the university as the first phase of the Spindletop Museum.

The most far-reaching contribution of John E. Gray will be made by the institute and its supporting foundation that bear his name.

If the goals and promise of the center are carried out, and no one has any reason to believe they will not be fully realized, the John E. Gray Institute and Foundation will be fitting tributes to the man who has spent his entire life in service to others. □

The John E. Gray Foundation and Institute

The sky was overcast when some of the nation's leading personalities in business, industry, education and labor met to pay a lasting tribute to John Gray in the library that bears his name on the campus of the university upon which he has had such a profound effect.

Threatening skies failed to dampen the spirits of the group, which counted among its number five former Texas governors and a host of other high-powered leaders.

The occasion was the announcement on March 21 of the formation of the John E. Gray Foundation and Institute.

Dr. C. Robert Kemble, president of Lamar University, said the institute is a unique new dimension in education and research in support of business, industry, labor and education in the Gulf Coast Crescent.

"The creation of the John E. Gray Institute will provide a privately-funded, state-operated, non-profit center for the development of new information and planning and presentation of educational services directed toward the advancement of American business, labor and industry," said Kemble in explaining the thrust of the institute.

The institute will become a catalyst for the advancement of business, labor, industry and education with a goal of creating the most favorable economic climate in the United States.

Lamar University is uniquely suited for the location of such an innovative concept. The Gulf Coast Crescent from Baton Rouge to Houston represents one of the nation's greatest concentrations of petrochemical industries and related manufacturing, port, commerce and financial activities.

The region refines 23 percent of the nation's fuels; it manufactures 26 percent of its oilfield machinery, 33 percent of its synthetic rubber and 20 percent of its industrial organic chemicals. More than $115 billion in manufactured goods are shipped annually from its ports.

Problems begging resolution include business-labor relations, internal labor disputes, environmental control requirements, uneven tax laws and inconsistent legal decisions.

At the same time, adjustments will be seen in anticipation of modifications in energy sources and petrochemical feedstocks, production methods, industry automation and shifting international trade patterns.

To help meet these challenges head-on, the John E. Gray Institute has been designed as a multi-purpose center for advanced studies.

Dedicated to the promotion of the general economy of the Gulf coast sector, the institute will provide a privately-funded but state-operated, non-profit center. The institute is to be housed in a separate physical complex on the Lamar University campus.

Arthur Temple, a member of the organizing board of trustees of the institute, serves as chairman of the building committee. Temple is vice chairman of the board of Time, Inc., and chairman of the board of Temple-Eastex Inc. He is a former regent of Lamar University.

Other members of the organizing board, which was formed to direct the embryonic stages of the institute's development, include five former Texas governors and renowned business, labor and industry leaders in the state and nation.

Fund-raising for the institute began as soon as the ink dried on a lavish four-color brochure produced to explain the center's ideals and goals. Beginning with "seed money" in the form of an anonymous $500,000 grant from a Southeast Texas businessman, the institute's staff will eventually solicit contributions from major industries throughout the United States, as well as prominent individuals.

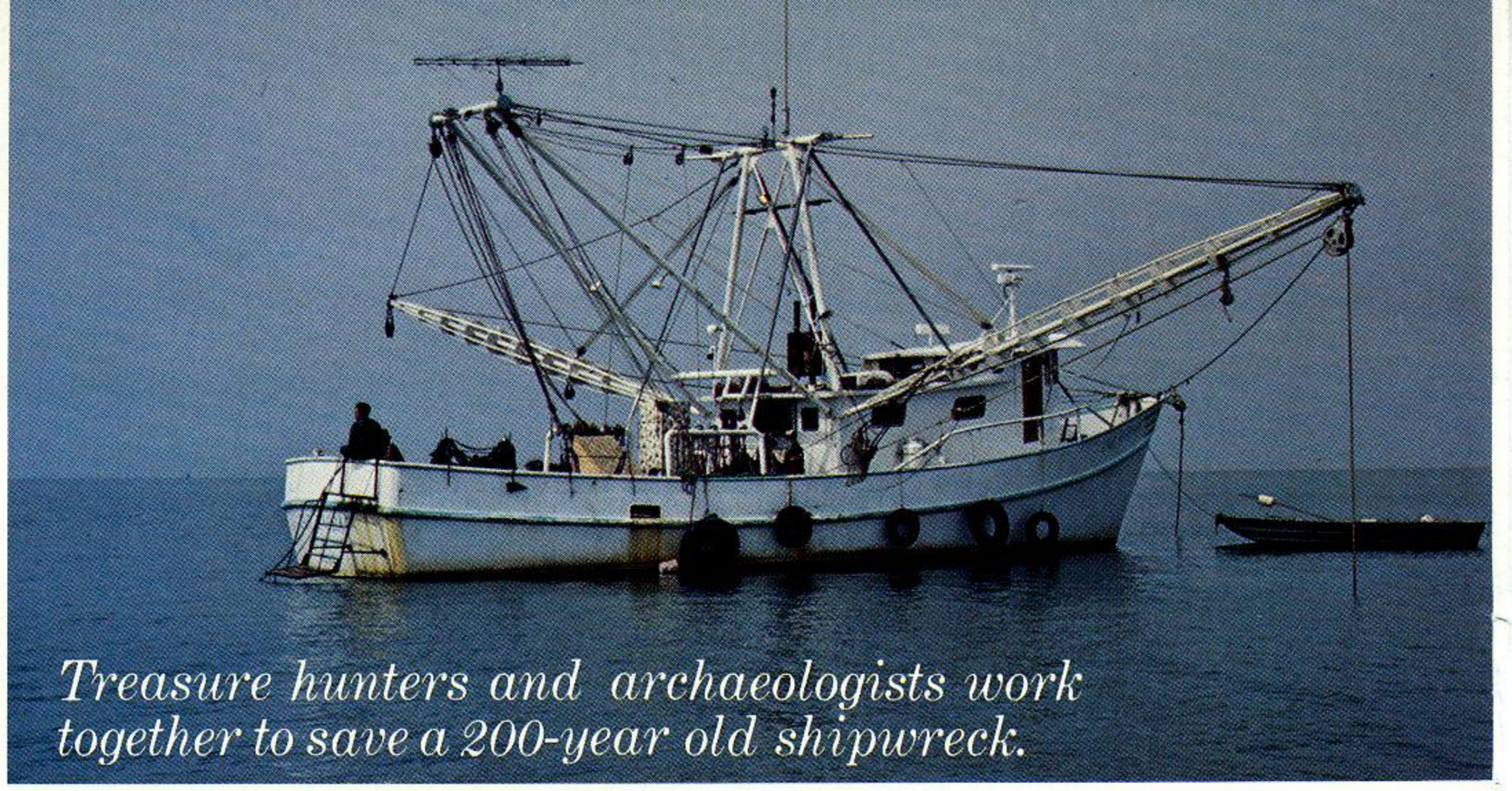
Also a part of the foundation and institute is the Educational Advisory Board, a pre-eminent body consisting of individuals with nationwide credentials in the fields of business, industry, education and labor.

Dr. Kemble, a member of the Educational Advisory Board and the person to whom the executive director of the foundation and institute will report, said the idea for the institute grew out of discussions between university and business leaders and Elvis L. Mason.

Mason, a Lamar University graduate and chairman of the board of First International Bancshares, Inc., of Dallas, is the moving force behind the formation of the institute. A former member of the Lamar Board of Regents and former chairman of the board of First Security National Corporation and First Security National Bank, Mason has been associated with Gray for many years.

Aware of the need for greater "mutual trust and cooperation" between labor and management, particularly in this highly industrialized area from Houston to Baton Rouge, Mason considered the timing right to pull together the highly respected and knowledgeable individuals into a forum through which the spirit can be perpetuated.

—John Roby



Treasure hunters and archaeologists work together to save a 200-year old shipwreck.

Salvaging a part of

"The curiosity — not knowing what we might've missed — would've **killed** me."

The man behind those words is Curtis Blume, up until last year an ordinary shrimper out of Port Bolivar, Texas. Last spring, Blume's nets snagged on what he at first thought was simply mud or debris at a site about a mile and a half offshore from Louisiana's Rockefeller Wildlife Refuge. What those nets actually caught on would change Blume's life.

A large copper disc was eventually brought up on Blume's boat. He then let a friend and fellow shrimper, Steve Smith of Cameron, Louisiana, know what he had found.

Smith, who is also a diver, then went out to the spot and found several ballast stones and artifacts. The story made national headlines (See *Gulf States Magazine* Fall, 1980).

It was only the beginning of what Louisiana Governor Dave Treen would later call "the most exciting marine archaeological find in the state's history and perhaps one of the most significant finds of its kind in the entire Gulf Region."

Almost a year later, there is no "perhaps" to it. The discovery of the Spanish vessel *El Constante*, sunk in 1766 in some 18 feet of murky water off the Louisiana coast, has been an archaeological boon beyond anyone's wildest hopes.

Those hopes have been fully met with the real thing. Archaeologist Bill Spencer, with Southern Archaeological Research of Baton Rouge, Louisiana, told *Gulf States Magazine*, "The lab in Baton Rouge is crammed with tanks full of artifacts."

Those artifacts include some five tons of copper, about 40 pounds of gold and 30 pounds of silver, a nine-foot cannon, an anchor, pottery, leather and even lady's rouge. These have been recovered from the wreck of the *El Constante*, all in very good condition.

The mud has worked a perfect preservation job on the artifacts, as well as the ship itself. According to Spencer, the structure is intact "from the bilge deck on down." The mud has been a tremendous preservative, but it's also been a large headache as far as working conditions are concerned.

"Visibility is less than zero," emphasized Spencer. The murky water doesn't even allow divers at the site to see their hands in front of their faces. The mapping and profiling of the hull that were the final chores to be done would be done literally by feel.

"It's slow work," agreed diver Al Saltus, who when not dressed up in gear that gives him the appearance of a stand-in for a monster movie, has a friendly smile and contagious enthusiasm for his work.

Saltus, a freelance diver, has worked wrecks from Mississippi to Florida. He, too, mentioned the difficulty of working on the wreck, "You can't see your hand in front of your faceplate."

Alternating with another diver on board the salvage ship, *Lady Barbara*, Saltus makes up to four dives daily, for up to an hour per dive.

The diver underwater feels his way along the hull and, talking through a radio hook-up between the wet suit and a sophisticated "squawk box" on deck, describes the structure.

The other diver, on deck, jots down the figures and makes a simple pencil drawing of the particular section being described. Later, all this will be put together for a more refined drawing of the wreck. Because of the muddy water, no one has actually seen the ship.

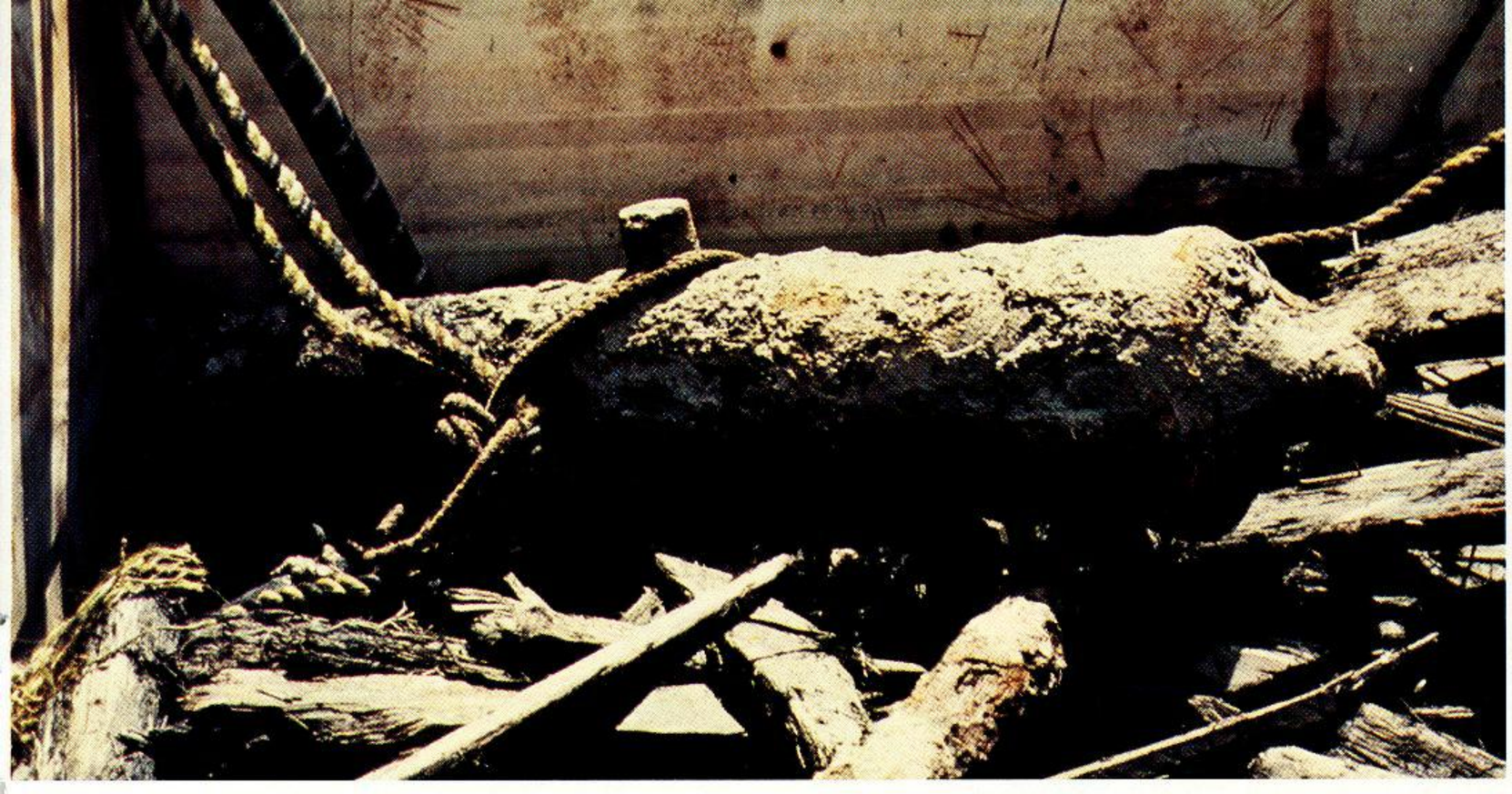
Smith, the man who did the first diving at the site, hasn't seen the ship either, but he's done a lot of looking from the cabin and deck of the *Lady Barbara*.

"It's been an experience and a lot of fun," he notes as he sits by the ship's wheel. "But I don't think I'd make a career out of salvage, it's too slow," Smith added.

"Curtis and I came out here almost a year ago . . . nobody knows what all we have yet," Smith said. When asked about the future, he grinned and mentioned that he is considering several offers. In any case, Steve Smith doesn't feel he'll go back to shrimping.

Blume, who with Smith is one of the partners in the company known as Free Enterprise Salvage (FES), feels differently about his future plans. He's shrimped all his life, and he readily says he's ready to get back to it.

Although he stands to come in for his share of the 75% of whatever is recovered by FES (that's part



Photos courtesy of Louisiana Arts & Science Center, Baton Rouge

Louisiana history

by Rick Harvin

of the agreement made by the company with the State of Louisiana, with the state's Department of Culture, Recreation and Tourism determining the final division), Blume talks about money lost now.

The *Lady Barbara* holds some 6,000 gallons of fuel. The ship burns about 200 gallons each day. At $1 or more per gallon, that's just one example of what costs are involved in the operation.

"This has cost us about $250,000 all told," Blume mused, while a TV in the ship's cabin ran almost unnoticed through its repertoire of morning game shows. Because the work is so slow, some of the crew members have actually gotten "hooked" on the soap-opera shows that come over the TV.

"It's slow, and we do get tired out here," Blume said with a touch of weariness. A perking pot of coffee held part of his attention while he talked.

"Most wrecks aren't profitable," Blume went on. He then related what was involved before the actual salvage began.

"I had heard plenty of bad things about working with Louisiana, but the state's been real good to us," Blume said. He related that he had contacted the State of Louisiana when he realized something big was under the artifact-saving debris.

Governor Treen, at a press conference called after many objects had already been hauled to the surface, noted that Louisiana, " . . . owes a debt of gratitude to the finders for protecting the archaeological integrity of the site and for contacting the state about the discovery."

Blume also mentioned the necessary paperwork involved. He said he and Smith had to get permits from the Army Corps of Engineers, the State of Louisiana and environmental groups. That required patience, just as the actual operation has required much of that quality.

Back on deck, diver Charlie Pearson's voice relayed information about a section of the wreck, a section that involved at *most* eight inches. Saltus, who had changed into his "civvies," carefully transcribed what he heard into the small red notebook next to the radio.

At this point, it was very easy to see why all the participants in this history-finding venture had, in one way or another, talked about the work that demanded patience. Soon, Pearson would surface, and the discussion over what was really in the water would continue.

As for the future, a lot of factors cloud that almost as much as the mud obscures the wreck. According to Spencer, Coastal Environments of Baton Rouge is doing a feasibility study on raising the hull.

Deterioration from the air, as well as a lack of funds, may prevent that from happening anytime soon.

Many of the artifacts must still be cleaned and studied. As for the value involved, no one yet knows what the final numbers will be. A rough estimate of $500,000 for all the artifacts has been made by Stephen Perry, deputy secretary for the Department of Culture, Recreation and Tourism. Of course, that estimate may go even higher.

The state will get its 25% share and FES — consisting of Blume, Smith, Lake Charles businessman John Bailey and Everett and Doyle Berry, owners of Select Services, Inc. of Berwick, Louisiana — will get its 75%. The state may even exercise its option to keep all the artifacts and compensate FES accordingly.

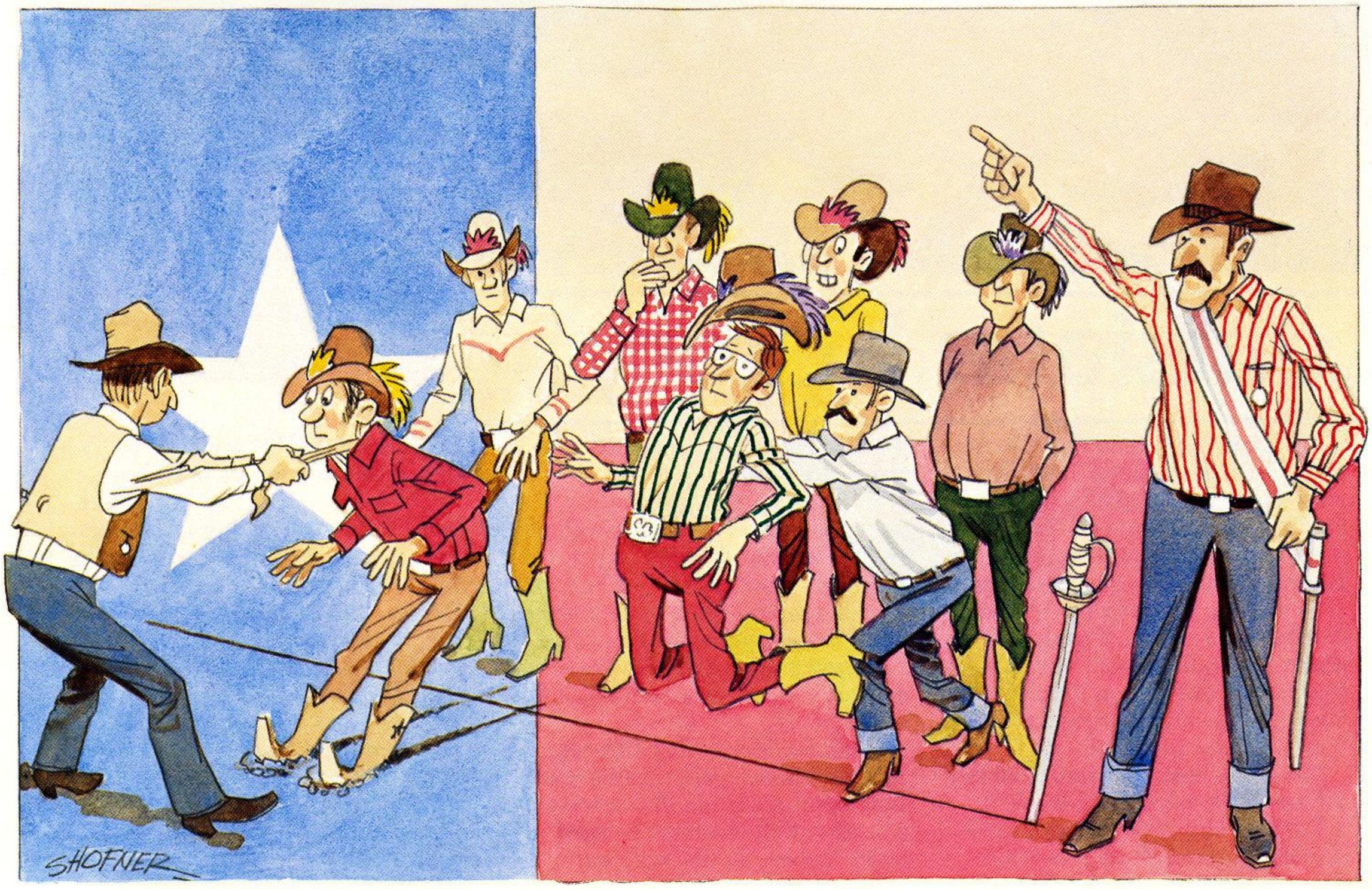
However, these and other issues will be taken care of. Charlie Pearson and Al Saltus will move on to other diving sites. Bill Spencer will hope for another wreck, his 15th. "This is my 14th wreck to work on . . . it's fun," he added. Steve Smith will consider those offers he's received.

And Curtis Blume, the man who first caught his shrimp nets in the wreck of the *El Constante*, will return to shrimping.

"I'm ready to go back to the routine, to my normal life," Blume sighs. After nearly a year of helping to salvage a fascinating piece of history, as well as adding a more recent chapter future generations will read about, Curtis Blume is entitled to the weariness behind the statement.

After all, his curiosity has finally been satisfied.□

The Ire Of Texans Is Up



Legend has it that Colonel William Barret Travis, faced with almost certain defeat at the Alamo in 1836, drew a line in the dust with his saber and invited all those defenders willing to die with him for Texas independence to step across. All but one did so. Thus began the line drawing dare.

Texans, it is time to draw another line in defense of our great State.

The fact that every man who accepted the brave colonel's invitation died violently the following day should have no bearing. We simply cannot tolerate further exploitation of our God-given resources by non-Texas imitators.

What exploitations? What resources? Hell, look around you. Read the magazines. Go to the movies. Watch TV.

Let's start at the top and consider the world-renowned, Texas-sized 10 gallon hat.

Everyone who knows Texas history remembers that these capacious chapeaus served our illustrious forefathers in many novel ways. First, the extra wide brims shielded the hardy cowboy from the burning rays of the sun. Almost as important, the deep crown held sufficient water to provide an energy-sustaining lift to his trusty steed. And the hats, like fine wine, improved with age, adding prestige to the wearer as the brims grew sweat-stained from long, hot hours in the saddle; and dirt-stained from dusting britches after being thrown by a bucking bronco or after bulldogging a steer.

Small wonder then, that the weatherbeaten warriors of the desert wore these badges of honor proudly, secure in the knowledge that the admiring maiden glances and the worship of the children were just rewards for their manly efforts.

So who is wearing the Texas 10 gallon hat today? Urban cowboys, that's who. Saturday night heroes who vicariously achieve manhood by donning our traditional Texas topper. Meanwhile, back at the ranch, good old Texans have to wait months, even years, for delivery after ordering their favorite fedoras.

Imitators, go home! Stay out from under our hats!

On another growing front there's the Texas oversized belt buckle.

Big buckles are proud Texas descendents of the glory days when tall rangers wore gunbelts that sagged from the weight of one or

pon You, So...Imitators,

Go Home!

by Jim Turner

two peacemakers. And, like their cousins the 10 gallon hats, they served their owners in more ways than one. Not only did the buckles perform yeoman service in holding together the gunbelts, they also provided some protection from a gunslinger's bullet and, when wrapped around a fist, helped intimidate the burliest of lawbreakers.

How the mighty have fallen! Now you see our heroic heritage buckled around everything from Travoltathin discoists to potbellied bartenders.

Copycats, go home! Try wearing suspenders.

From here on the imitators of things held sacred by Texans are really hitting below the belt. They've turned our hardworking, heavy duty, tough and honest bluejeans into hiphugging, hedonistic hypocrites.

How else can you explain having television commercials featuring teen-age female models twitching across the screen whispering "If my Calvin Klein's could talk, I'd be

in trouble," or "There's absolutely nothing between me and my CK's?"

Agreed that bluejeans were never exclusively the property of Texas, but they were originally designed for riding horses or working on the farm, not for provoking stares and whistles.

Imposters, go home! Stop pulling down our bluejean legend!

Now, let's get to the bottom of the sartorial scene that has raised Texas blood pressures to the dangerous level. The most painful kick of all has been the subtle but successful campaign to transform the formerly rugged Texas cowboy boot into a slick, shiny and stylish symbol of success.

What footwear do we export to New Yorkers? No-foolishness Tony Lama boots made — and well made — in El Paso. What do we get in return? Soft leather Gucci's, with built up heels, for pity's sake! It's just not fair and Colonel Travis is probably spinning unhappily in his grave.

What other aspects of the great Texas heritage are being usurped by these craven outsiders?

Here are some good, *i.e. rotten*, examples:

Myth: Everything in Texas is the biggest.

Fact: Not true. The world's best known small community, Luckenbach, Texas, has a population of three, as of this date.

Myth: Texans drink more beer than anyone in the world.

Fact: Actually, the world's record consumption of beer at one sitting is shared by a large German goose, named "Gottwattapot" and an enormous, naturalized Australian kangaroo nicknamed "Malting Matilda."

Myth: Only 10 Texas rangers are needed to quell rioting crowds of 100 or more.

Fact: If more than two were called out they would consider it an insult to their ability.

Myth: Texans are not as religious as citizens of other states.

Fact: All properly brought up Texas children are taught about the goodness of mustard greens, the guarantee of free speech, the right to bear arms and to respect God, their elders and bigger guys.

Myth: The state of Texas has never produced a great president.

Fact: If George Washington hadn't truthfully told his father about cutting down the family's favorite cactus, they would never have moved from Wichita Falls to Virginia to escape his father's shame at George's inability to tell a lie.

Myth: Not a single Texas-born movie queen ever became a great star.

Fact: True. All of them were married; usually several times.

Myth: Practically all of the male Texas actors eventually became type cast.

Fact: This was especially true of Trigger, who tried desperately for the role of "Mister Ed — The Talking Horse," and finally died of a broken heart.

Myth: The only thing young Texas ladies excel in is modeling for magazine centerfolds.

Fact: Eat your heart out, Yankee!

Myth: If the television series "Dallas" is typical of wealthy Texans, they really are despicable. And yet J. R. Ewing is a state hero.

Fact: Oh, come now. The only despicable thing about the Ewings is that all 20 of the sons, daughters and various and sundry in-laws still live with Mom and Dad. Looks like old Jock would have the itch to get shut of them during his and Miss Ellie's golden years. And J.R.? Why, gosh sakes. He just wants an occasional piece of fast action. When he's caught, he doesn't even cuss, just says "shoot." And she did.

Myth: The best known animals of Texas are not its cattle, horses and deer, but queer little creatures, like the armadillo and the road-runner.

Fact: The armadillo may be weird but it is far from queer. It is basically a night creature, and apparently quite passionate. Females ovulate twice and produce, regularly, identical quadruplets. On the other hand, roadrunners have never been examined for their sexual behavior; they are much too fast.

Myth: The saga of the "Best Little Whorehouse in Texas" indicates that true Texans lack class or discipline, and are easily tempted into sin; hence, will never attain success.

Fact: The best little whorehouse in Texas was always sold out; the stage play still is.

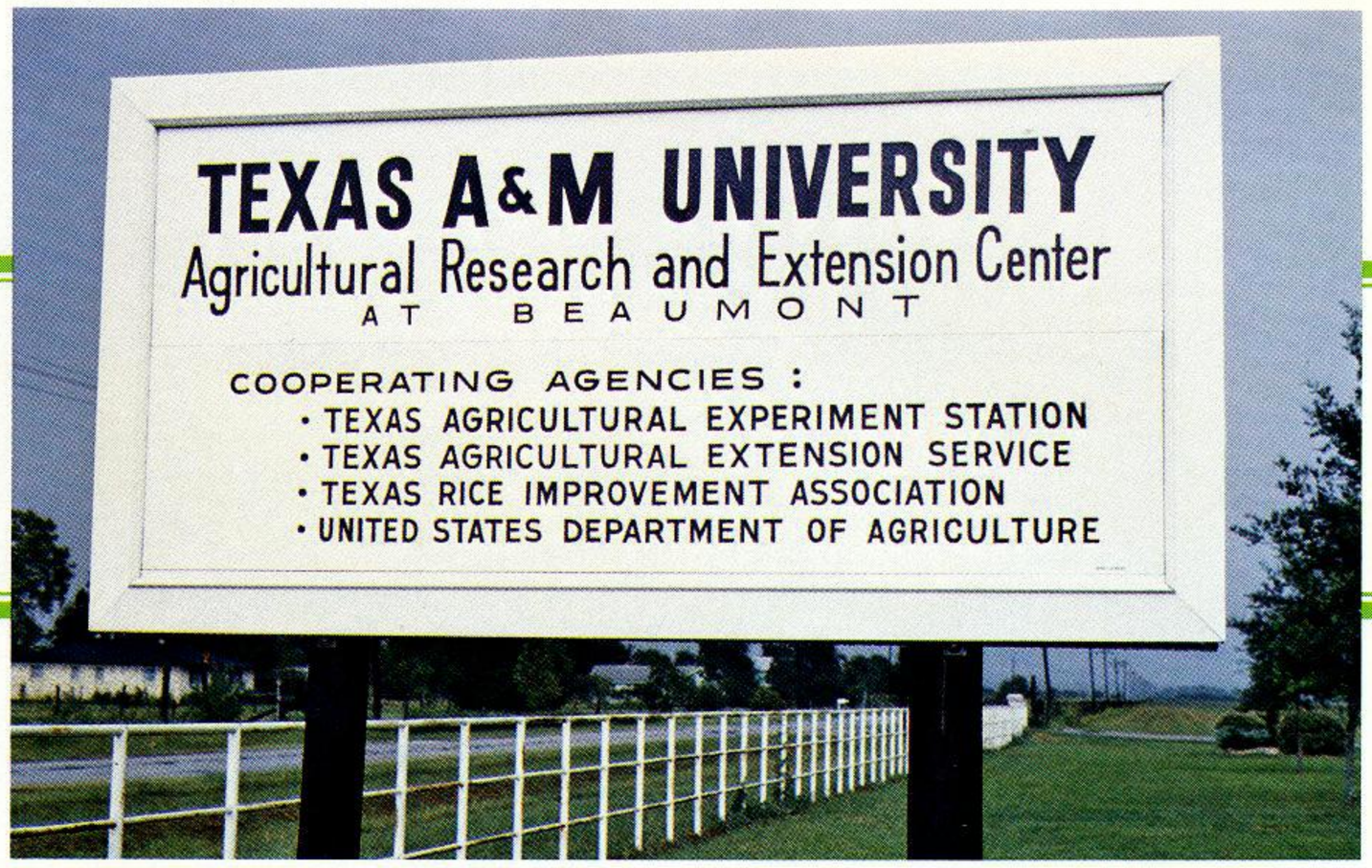
Myth: The fact that the state flag of Texas has only one star proves that Texans are basically self-centered and are not true patriots of the U.S.A.

Fact: Early on, the independent nation of Texas offered to incorporate the rest of the then union's states into one great nation called Texas. Several wretched little New England states, possibly foreseeing the national fuel policies of the 1980s, refused on the grounds that they would "freeze in the dark," if low-priced interstate natural gas were denied them. Compassionate Texas then gallantly joined the Union.

Oh, this could go on and on. Surely some readers will wonder about the absence of Aggie jokes. Or excerpts from great Texas murder trials. Or legends from the great cattle drives, oil booms, rattlesnake roundups and political voting scandals, all of which are woven into the framework of Texas history.

But that's another story . . . □

Photos courtesy of Texas A&M Agricultural Extension Center, Beaumont



Much of the nation's rice was 'born' in Beaumont

by Jerry Wall

Going With The Grain

The coolies straightened up, first one and then another, to give brief rest to their weary back muscles, exhausted by tending the young, green shoots that broke the surface of the water which had been hand-pumped into the small field. They looked across the muddy field and out aross the Yangtze River and wished for the end of a long, difficult day.

The time was far back in history — no one knows for certain the date — but it was surely at least a thousand years before the first recorded Chinese Dynasty of Hsia. And if this was so, the time would have been more than 3,000 years before the birth of Christ. This was ancient China, still not a unified state at the time.

The young green shoots were the delicious oryza. And besides filling the bellies of ancient Chinese, the nutritious oryza gave them a trading medium as well.

We know it as rice, the staple food for about 2.5 billion people — more than half the globe.

Rice grown on the paddies of the Yangtze had come from somewhere in India, probably the southern area, and it eventually made its way into Egypt more than a thousand years before Christ was born. Years later, it moved into the rest of Africa and into Europe.

In the late 1500s or very early 1600s, a sailing vessel from Madagascar shipwrecked on the Carolina coast near Charleston. The people there gave the captain and crew refuge and, as a gesture of appreciation, the rescuers were given a sack of rice — rice that came from the banks of the Yangtze where the coolies had labored.

The Carolinians grew this rice and it became known as Carolina rice. Many years later, this rice made its way to Southwestern Louisiana and, a short time later, to Southeast Texas, to the Beaumont prairie. This was some 5,000 years after its culture on the Yangtze River.

The first attempt at rice culture in Beaumont came in 1850, and by 1863 several people planted it in small patches by hand labor and without irrigation. Planters around Beaumont called it "Providence rice" because they used rainwater collected in low-lying areas.

The variety was more correctly Carolina White, with a second as Carolina Gold.

And now, in 1981, many varieties in Texas and Louisiana are descendents of the ancient shoots from the Yangtze River in China.

But yields remained uniformly low at about 1,000 pounds per acre (about six barrels), hardly a paying yield. However, this rice had superior quality and was much sought-after overseas. Even today, some Beaumont rice is still marketed in Europe under the trade name, "Carolina."

Farmers needed higher yields to supply the demand, and because of this, the Texas Legislature in 1909 opened what was to become one of the most widely recognized rice experiment stations in the world.

The original site was located on what is now Major Drive in western Beaumont, between Highway 90 and Forest Park High School.

"The Beaumont Chamber of Commerce donated 100 acres of land at that site," said Dr. Julian P. Craigmiles, resident director and professor at the present station. "Over the years, expansion in experiments made the need for a larger site obvious." In 1946, the station was moved to its present location on Imes Road, which joins Highway 90 and the Old Sour Lake Road just west of Beaumont.

The experiment station, known officially as The Texas A&M University Agricultural Research and Extension Center at Beaumont, now contains 986 acres and is part of the Texas A&M system.

Another 20 acres, located across Imes Road, is used for the study of red rice, a dreaded and hated weed pest.

Goals of this world-renowned center include development of new rice varieties and discovering ways to combat weeds, grasses, diseases and insects that attack rice.

"One of our main accomplishments here," says Dr. Craigmiles, "is the develpment of superior varieties. We average releasing a new variety every two and a half years."

Many of these are high-yielding varieties, some producing as much

as 8,100 pounds an acre, or nearly 50 barrels, in experimental plots.

"Major emphasis is placed on development of new varieties here, and I'd say this has been our biggest single contribution," said Dr. Craigmiles, a native Georgian who came to the Beaumont center in 1969.

One of the world's top rice breeders, Dr. Charles N. Bollich of the U.S. Department of Agriculture, is stationed at the Beaumont Center. He and his associates have developed highly successful varieties at Beaumont.

Currently, his most important variety is Labelle, which along with Lebonnet is grown on fully half the rice acreage in the southern United States. Labelle comprises 90 percent of the Texas crop and was grown on a million acres in the southern U.S. in 1980. It is a long-grain rice and has excellent cooking qualities. When you buy long-grain rice off the grocery shelf, it is almost a certainty you're buying Beaumont-born Labelle.

"This shows the type of rice breeding program we have," Dr. Craigmiles says.

Dr. Bollich recently developed a new variety, Bellemont. Its most important feature is that it will not lodge. That is, it will not fall over or blow over in a wind. Once rice lodges, harvesting is difficult and yield and quality may be reduced. Bellemont's name comes from the 'belle' in Labelle, from which it was derived, and from the 'mont' in Beaumont, where it was developed. It will be available in limited quantities to farmers for the 1981 season.

At one time, Bluebelle and Bluebonnet, both Beaumont varieties, were grown worldwide. That is not so much the case now, but Bluebelle is grown extensively in several Latin American countries.

Many Beaumont varieties that are now grown overseas still provide much food overseas. Most nations in the far east, South America and Africa do not raise enough rice to feed themselves. They are poorly mechanized. In the more primitive sections of the Philippines, women take the place of combines in addition to performing other manual labor in the terraced mountainside paddies.

Therefore, much rice from our own rice belt is exported to these countries. Wealthier nations buy Labelle and other long grains because it is a superior rice. Emerging and poorer nations usually buy the medium grains.

Texas is primarily a long grain state. Louisiana leans toward medium grains, but in the last few years many Louisiana farmers have switched to Labelle.

Dr. Craigmiles feels the second greatest accomplishment of the center is finding new ways to increase yields of existing varieties.

This is done by ratoon cropping (getting two harvests from one planting, or second cropping) and by reducing damage by insects, diseases and weeds, as well as the development of better fertilizers and better techniques of application.

"In recent years, researching and promoting soybeans has made a dramatic economic impact on the area," he reveals. "When we first began working on soybeans, there

Rice Producing Leaders: (1980 figures)

1. Arkansas:	1,280,000 acres
2. Texas:	586,000 acres
3. Louisiana:	585,000 acres
4. California:	548,000 acres
5. Mississippi:	240,000 acres
6. Missouri:	56,000 acres

was only about 500 acres grown in the entire rice belt. Now soybean acreage approaches that planted to rice."

Dr. John Sij (pronounced sigh) heads up soybean culture.

Soybeans are farmed at a different time than rice, so there is no conflict. The same land can be used and, very importantly, the same equipment. Since a rice farmer only uses a combine a few days a year, the use of this expensive (about $70,000) machine for soybeans is a way of keeping it busy. And earning its keep.

And of course, soybeans are a good cash crop. Tractors, too, are used in soybean farming, and some of these four-wheel drive jobs cost $100,000 and more. A large farm may have three combines and four large tractors, so one can see the capital investment.

"The area needs more diversification," Dr. Craigmiles insists.

"And we're exploring possibilities, such as sweet sorghum, which can be used to manufacture alcohol as a fuel. It is productive on our soils, but harvesting and transporting it to a mill is the problem," he continues. It would be good if the farmer could raise enough to make alcohol to run his equipment."

Research at the center has raised rice yields from that original 1,000 pounds per acre, up to an average of 4,500 pounds, or about 28 barrels. Some varieties yield much more.

Suppose there had been no research and yields had not increased?

"We would not have a rice industry, and rice prices on the grocery shelves would be terribly high," Dr. Craigmiles days. "Even with our inflation, we still have the cheapest food in the world. And this is largely because of work by experiment stations such as this one.

"We are very interested at this station in helping the consumer," Dr. Craigmiles says. "Through research we help the consumer to buy food at a reasonable cost. We feel we have an obligation to the consumer as well as to the producer. Our objective is to produce an abundance of high quality food at the lowest possible price that will still provide a profit to the farmer.

For every dollar spent on research in rice, the public gets a return of over $15, a ratio of more than 15 to 1. In other words, government support of research is not a give-away program. It is a good investment," he said.

He reminds people that the station is working with renewable resources. That is, the land is used over and crops grow on the land every year.

Much of a rice experiment station's success depends on appropriations. The Beaumont station gets federal and state funds, and is unique in being funded by a producer group.

"This is the Texas Rice Improvement Association (TRIA)," Dr. Craigmiles says with pride. "This fine organization of producers provides a third of our funds."

The TRIA helped start expansion of the center in the 1940s when four area farmers, E. T. Fuller, Clyde Dishman, Ray Hunsucker and Pat Boyt formed it. Robert Bauer is current president of the TRIA.

"Our concern is," Dr. Craigmiles notes, "as inflation and costs increase and appropriations for research do not advance accordingly, most urban people are going to be hurt. By this I mean the consumer. If we don't keep getting sufficient funds for research, your food bill could increase dramatically."

How about nutrition?

Dr. Craigmiles says rice is nutritionally superior to wheat. Rice has higher quality protein — that is, it is better balanced. It can be assimilated and utilized more completely by the body.

He points out that in the Orient, people get more nutrition from rice because it is not as thoroughly processed (milled) as it is here. Americans and Europeans like highly milled white rice, and this processing knocks off most of the outer bran, which is rich in protein and other nutrients.

Dr. Craigmiles says the highly nutritious bran removed in processing goes mainly into animal and pet foods.

Varieties developed in Beaumont help feed the world.

Dr. Craigmiles points out that you not only enjoy rice as a table food and in gumbos, but you consume it in other ways as well.

"Much rice is used in breakfast cereals, and increasing quantities of rice are used in brewing. Presently, Anheuser-Busch and Coors use rice in brewing. The Anheuser-Busch brands include Busch Bavarian, Michelob, Budweiser and Natural Light with rice as an agent."

Many of the varieties used are Beaumont varieties.

Does rice make beer taste better? Rice producers will say "Ah!," but corn producers say "Bah!." Corn is the medium for numerous brands other than Coors and Anheuser-Busch.

It may or may not be significant, but Coors is the No. 1 seller in Texas, and Budweiser (an Anheuser-Busch product) is No. 1 in the United States. In addition, Budweiser is No. 2 in Texas, and No. 1 in Beaumont.

This is from latest figures furnished by the brewing industry.

Of course, one cannot deny these two brewers conduct extensive advertising campaigns. But another major national brand which also does extensive advertising, ranks behind the two "rice" beers.

Beer also is not figured in the per capita consumption of rice, which presently is eight pounds. If beer were included, the per capita consumption would be 12 pounds. This indicates the extent to which rice is used in brewing.

Dr. Craigmiles says the Beaumont center also uses foreign varieties of rice in the work because some are disease resistant.

"Our research people used Jojutla, a Mexican variety, to help develop Newrex, a rice used in soups. Jojutla gave Newrex the superior processing characteristic desired for use in soups, quick cooking rice and for drier and fluffier table rice."

It went on the market only about two years ago.

"Any citizen can tour the experiment station," Dr. Craigmiles says. "Groups are preferred but we'll be happy to give individual or group tours of the station and explain our programs and facilities."

The Beaumont center can well claim to be one of the world's most important rice research centers, judging by its accomplishments and contributions to rice farming and soybean culture throughout the United States and, indirectly, the world.

One Beaumonter, a teenage sailor in World War II, recalls the words of an elderly Filipino in 1945 in the village of Guiuan on the island of Samar in the Philipines. " 'Rice can start wars and rice can stop wars. Full bellies want only peace, but empty bellies will go to war for food', " he quoted.

Rice is so important in that part of the world, that the words for "rice" and "food" are synonymous.

If the elderly Filipino's words were true, and it sounds logical, then the Beaumont center is doing its part in world peace. □

In Crowley, Rice Research Focuses on Fertilizer Use

Two of the more important rice experiment stations in the world are only about 120 miles apart.

The Louisiana State University Rice Experiment Station in Crowley has a long list of accomplishments dating back to its founding. Like the Beaumont center, it got its start in 1909.

Its goal, too, is to improve yields and bring lower food prices to the consumer as well as a fair profit to the farmer.

Fertilizer research has been one of the high marks at Crowley and scientists there have enabled Louisiana farmers to get optimum results from fertilizer applications.

The Crowley station revolutionized the production practices of rice farming when its scientists isolated propanil, a herbicide that has the selective ability to control grass without causing serious injury to the rice plant. This was a pivotal accomplishment.

Also highly important in the introduction of propanil was the fact that advances in fertilizer technology could be made, because effective fertilizers also promoted the growth of grasses until propanil was isolated to enable farmers to destroy grasses that were aided by fertilizer.

A highlight came in 1956 when the station develped the important variety Nato.

Nato is a medium-grain, early maturing rice with a high yield. It has the attribute of being resistant to several diseases and has good milling quality as well as excellent cooking quality.

Later, the station's scientists developed Dawn and Saturn, two medium-grain varieties that are resistant to blast, a highly destructive rice disease. Rice breeders at Crowley regard Saturn as their most important development to date. It is farmed on the bulk of rice acreage in Louisiana and has many excellent qualities.

Crowley also perfected water leveling of rice land, the practice of using wave action in water to move soil from the elevated to the depressed areas. This resulted in uniformity of slope and eliminated 80% of the levees in a rice field. This also added greatly to available rice land since levees take up so much of arable land. It has helped, too, by eliminating the cost of constructing and maintaining much of the levees. This method has now moved into Texas, Mississippi and Arkansas.

Since 1975, Crowley scientists have been evaluating almost 1,000 varieties and lines of rice for levels of disease resistance and susceptibility. This will lead to more disease resistant varieties.

Between 1909 and 1974, Crowley scientists, through research, raised average yields in Louisiana from about 1,600 pounds per acre to more than 4,000 pounds.

Duke Faulkner heads the Crowley Station.

Mr. Wall is a Beaumont-based freelance writer who has contributed to many national magazines.

Photo by John H. Williams

Q&A:

David Stockman Budget Cutter

David Stockman was nominated by President Reagan on Inauguration Day to be director of the Office of Management and Budget (OMB) and a member of the Reagan cabinet. A former U.S. representative from Michigan, he has quickly gained a reputation as a budget-cutter and a staunch advocate of economy in government. He was in Baton Rouge recently to speak at a free enterprise banquet at the request of Rep. Henson Moore of Louisiana, and had these answers to questions from **Gulf States Magazine.**

GSM: How would you characterize President Reagan's plan for economic recovery?

Stockman: Sacrifices and restraints are going to have to be imposed. We want these to be better understood by the public. But this is the last opportunity this country has to let the free enterprise system work. It's the most sweeping, bold and far-reaching plan for reducing inflation and unleashing the free enterprise system that has ever been proposed by any President in our history.

GSM: What type of budget cuts would the program involve?

Stockman: We plan to cut 300 or more federal programs — we can save $48 billion in federal spending next year alone. But don't forget, the budget is due to rise $40

billion over the current spending level next fiscal year. Every time inflation goes up a point, the budget goes up $2 billion because of programs which automatically rise with inflation. But with our program, we can save about $200 billion over the next three years.

GSM: What about charges that the spending cuts would affect social programs to aid the poor and needy?

Stockman: It is factually wrong to say that the cuts are directed at social programs. We did not allow one single area of waste. We're cutting the synfuels authority; Exxon and Gulf can build better facilities than the federal government. We've cut the dairy subsidy program $1 billion. Highway spending is cut by 20 percent under our program, airport construction by 23 percent, and export-import loans by 25 percent. But cuts in food stamps will be only 11 percent. Millions of needy Americans will continue to receive such benefits as food stamps and Medicare. But we cannot afford the budgets of the past, with the quarter of a trillion dollars in increases over the last few years. We've re-targeted and re-focused the programs on those who truly need them. We'll still have a vast social program. Our business development program, as far as Economic Development Administration is concerned, has been cut — but so has a Youth Conservation Corps that costs more per participant than it would to send them to Harvard with a chaufeured car and a spring break in Rome.

GSM: Can we achieve a balanced budget in the federal government?

Stockman: With this plan, we could have a balanced budget for the first time in 14 years. After years of hand-wringing in Congress about its so-called inability to control spending, we have a plan that calls on Congress to bite the bullet. Presently we call for saving $200 billion in three years. We'd need to save $270 billion for a balanced budget in that time. I believe we will find places to cut the budget so we can achieve budget balance by 1984. We've done 75 percent of the job in 12 weeks; we have 196 weeks left to finish the job.

GSM: How serious a condition would you say our national economy is in? Would you term this an urgent matter?

Stockman: If we fail to get this program implemented, we'll have more of the same, only worse. Rather than 21 percent interest rates, they'll be higher. Rather than short-term inflation, you can have a severe inflation in the future.

GSM: What about reduction of taxes as a part of your program?

Stockman: We call for tax rates to be reduced for all taxpayers equally. These tax cuts will lead to more savings, more investment, more risk-taking by business. The hard-working American who makes between $10,000 and $60,000 a year pays 72 percent of all federal income taxes. This same American would receive 73 percent of all tax reductions. I ask the critics of this program: What's more fair than cutting the burden on those who are getting more taxation than they can stand? We're determined to get a tax cut through this Congress this year.

GSM: Does the budget-cutting program affect any one region of the country more than any other?

Stockman: Of the reductions proposed, the per capita figure for the U.S. is $166. That comes to a reduction of $170 per capita in the Northeast, $169 in the South, $168 in the West and $160 in the Midwest. That's about as fair as you can get. It's a national program, in which all must participate. The purpose of the budget reductions is to permit increases in real purchasing power. All the public sector's investment in the world will go for naught if the private sector continues to buckle under high taxes and regulation.

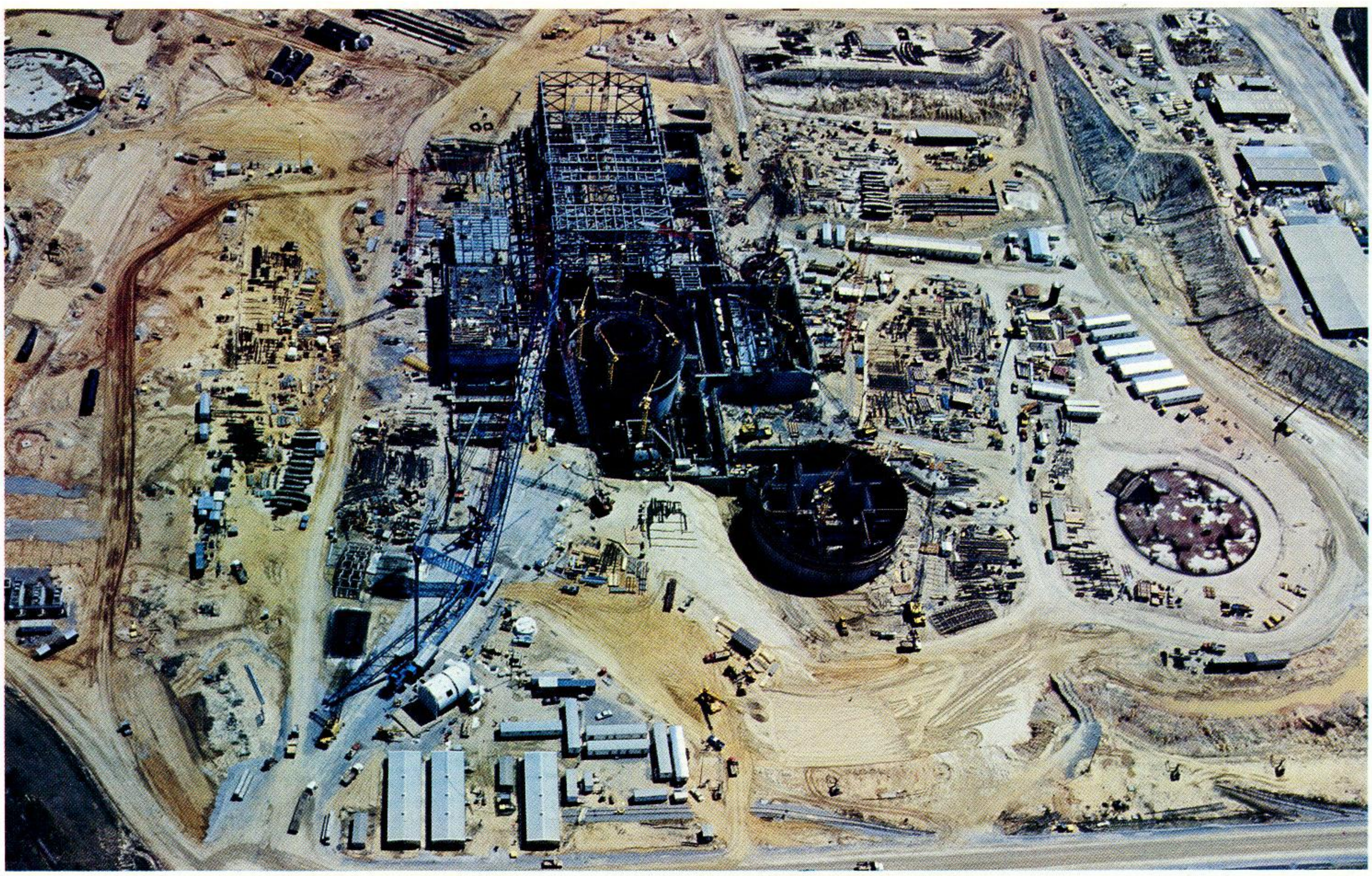
GSM: What about the Social Security program?

Stockman: Double-digit inflation over the last 10 years has hurt the elderly. Social Security is a very complex system. It may be technically insolvent in the next four years. Some non-earned benefits must be trimmed back, but there's no program on this yet. We must preserve the solvency of the trust fund, so 40 million beneficiaries can be sure their benefits will continue.

The economy is in deep trouble. What may have been the bright promise of the Great Society has become a social pork barrel. We're nearing a $1 trillion federal debt. At the close of fiscal year 1979 federal spending was $493 billion. The budget for fiscal '82 will reach a $740 billion spending level. This is simply intolerable. It's a recipe for continued deterioration of our economy.

GSM: What will be the reaction of Congress to the budget-cutting plan?

Stockman: This is a non-partisan plan. A change in direction by the federal government has been called for by the people. If Congress doesn't implement the mandate of the American people, it will have to answer to the people. And if Congress cannot exist on a pared-back budget of $700 billion, then maybe it's time for the American people to get a Congress that can. Both Congress and the White House are facing a critical test. We're in what President Reagan called an "economic mess." We have a lack of competitive ability in international markets, our savings and investments are down. We can't cure our problems unless we have a comprehensive plan, and we have that kind of plan. The federal growth spree of recent years was not generosity of compassion, but the willful squandering of tax dollars. The Reagan administration seeks to end that squandering. □



This is an aerial view of Gulf States Utilities' River Bend Station, a nuclear generating plant that will be partly owned by Cajun Power Cooperative.

Co-ops: Their stake in nuclear grows

by Rebecca Johnson

Gulf States Utilities is joining hands with rural electric cooperatives in Texas and Louisiana to share in the ownership of three generating units — GSU's River Bend 1 nuclear unit, GSU's Nelson 6 coal facility and the Cajun Electric Power Cooperative's coal-fired Big Cajun 2 Unit 3. These partnerships are indicative of a growing trend among electricity suppliers as they seek ways to cope with increased demands for power at a time when inflation and interest rates make construction financing extremely difficult.

This article, which first appeared in the Atomic Industrial Forum magazine ***Nuclear Industry*** *(November 1980), provides an insight into this new era of cooperation between investor-owned electric utilities and electric cooperatives.*

What began 40 years ago as an adversary relationship has evolved, particularly within the past decade, into a symbiotic one, as two old rivals in the electric utility industry have discovered the mutual advantages of joint ownership in power generation facilities — including nuclear power plants.

One result of this discovery is that investor-owned utilities and rural electric cooperatives are now partners in 17 nuclear plants. Since 1970, 18 rural electric cooperatives have invested approximately $5 billion in nuclear power, and now own almost 4,000 megawatts (MW) of nuclear capacity under construction or in operation. With the exception of the 50-MW LaCrosse nuclear plant, to which Dairyland Power Cooperative of Wisconsin took title from the Atomic Energy Commission in 1973, all of this capacity is jointly owned with private firms.

The lion's share of this nuclear capacity is owned by generation and transmission cooperatives, called G&Ts. G&Ts are wholesale power supply organizations which market

Construction continues at River Bend.

power to distribution electric co-operatives, which in turn sell the power to their retail consumer-members. Both distribution co-ops and G&Ts are non-profit entities, owned and regulated by the individuals or systems they serve through a board of directors which is elected annually from the membership, or consumers.

Old Rivals Start New Trend

And while the percentage of the nation's total nuclear capacity in operation and under construction owned by G&Ts (about five percent) may not appear particularly significant, it is evidence of a trend toward joint venture enterprises between two traditionally opposed sectors of the utility industry. In some areas, co-ops and IOUs — an abbreviation often used by people in co-ops — have a history of cooperation and interdependence. But generally, the two organizations have viewed each other as competitors, and therefore the expansion of joint ownership marks a major transition in their working relationships.

As F. F. Stacy, general manager of Oglethorpe Power Corporation, the G&T with the greatest investment in nuclear capacity, says, "The old days of co-ops and IOUs competing are gone, and those who don't know it had better do some rethinking. We need each other now."

The reason for that need is simple. Each has something the other needs: The co-ops need capacity and have capital; the investor-owned utilities have capacity and need capital.

Walter J. McCarthy Jr., president of Detroit Edison Company, agreed with Stacy's view, primarily "because the money requirements for building a nuclear plant have become so immense. Also, the timing was perfect — they (cooperatives) needed capacity when we didn't." The better use of existing capacity is, as McCarthy see it, "one of the very best reasons for joint ownership . . . because the size of a nuclear unit which is economical to build is very large compared to the incremental demand growth per year of one utility system."

This was one reason for Detroit Edison's openness to the investment of Northern Michigan and Wolverine Electric Cooperatives in the Fermi 2 nuclear unit, an arrangement which has been "very, very harmonious and beneficial," according to McCarthy.

Most of the private firms and G&Ts involved in joint power plant ownership agree that the primary advantage of the arrangement is that no one company is burdened with financing the entire plant, a task which has become increasingly difficult since the early 1970s. The fact that most joint ownership agreements have been reached since that time is further evidence that access to capital has been the major impetus for joint ventures.

The financial constraints which have plagued investor-owned utilities since the 1973 oil embargo are well documented. Even the most financially healthy utility system has suffered under the various pressures of inflation, insufficient rate relief, inadequate return on equity, regulatory burdens and other costly trends which have made acquisition of reasonably-priced capital to finance power plant construction more difficult. In addition, decreasing load growth rates experienced by most private utility systems had made it harder for them to justify building programs planned in previous years, when forecasting was a somewhat simpler business and when projections at that time showed a definite need for added capacity in the future.

Power Supply Concerns

These events had another result, which is not so widely recognized. Many rural electric cooperatives had, for many years, purchased most or all of their power from investor-owned utilities on a wholesale basis. When supplies were adequate and prices were stable, the system worked to everyone's satisfaction. But the factors which came into play in the early 1970s caused concern among many co-ops, as prices rose and future supplies became questionable. In fact, some co-ops were warned by their suppliers that power supply to those systems could not be guaranteed past the mid 1980s, if that long.

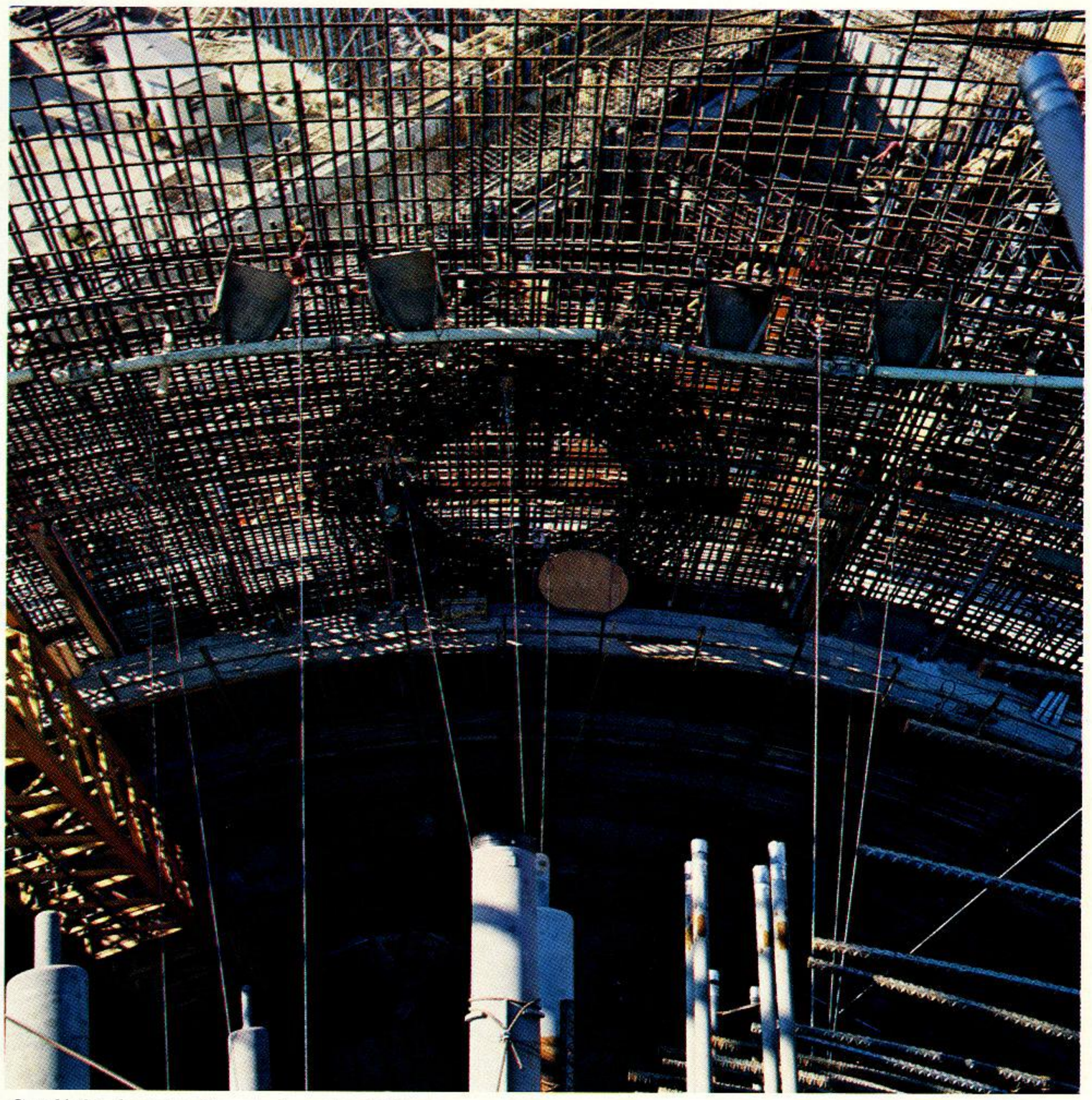
This situation triggered the trend of cooperative investment in power plants. Some cooperatives already had interests in generating plants, some had historically built and operated their own plants, but many had

relied on private firms for power supply. Many distribution cooperatives which had not organized G&Ts earlier did so now. G&Ts which had depended heavily on private suppliers began negotiations for plant purchases. And while some investor-owned utilities did not welcome the interest, others recognized an opportunity to sell excess capacity and obtain capital needed to complete units under construction, at a time when many utilities were faced with the prospect of cancellations and indefinite delays — an unusual circumstance at that time.

This new capital source, which could be tapped only by G&Ts, was once the Rural Electrification Administration, and more recently the Federal Financing Bank. The REA was a product of the Depression era, organized to offer low-interest loans for construction of electric distribution systems into sparsely-populated rural areas. The private firms serving cities had not expanded into the countryside then because of the excessive incremental costs involved in building lines which would serve so few consumers per mile. REA originally offered the two-percent-interest loans to investor-owned utilities and municipal utilities to extend existing systems, but interest was minimal, due to the marginal revenue expected, compared to operation and maintenance costs incurred. So in many areas, rural citizens organized electric cooperatives, building their own systems with financial and technical assistance from REA.

As these utility systems grew larger and more sophisticated, and co-ops began to take on the responsibilities of power generation, REA loaned larger amounts for the purchase of interest in existing power plants or the construction of co-op owned and operated plants. The agency made its first direct loans for nuclear power in 1970, lending $58 million to Central Iowa Power Cooperative and $30 million to Corn Belt Power Cooperative to purchase, respectively, 20 percent and 10 percent interests in Iowa Electric Light & Power Co.'s Duane Arnold nuclear plant.

Iowa Electric speaks highly of the concept of joint ownership, and of its own relationship with rural electric cooperatives. Acknowledging the relative importance of the two G&Ts' access to capital for the Arnold plant,



Sunlight dapples the steelwork at River Bend Station.

President Duane Arnold — for whom the plant was named — said that Iowa Electric has a history of good working relationships with co-ops and municipal systems, calling them "some of the company's best partners today" because of the mutual trust built up over the years.

This working relationship was somewhat similar in Georgia where the 39 distribution cooperatives which had purchased electricity from Georgia Power Co. founded the G&T, Oglethorpe Power Corp., in 1974. Like many investor-owned utilities at that time, Georgia Power, a subsidiary of the nation's largest utility holding organization, the Southern Company, found itself in severe financial constraints, unsure of its ability to continue supplying the co-ops and in need of capital to complete its active construction program. With the founding of Oglethorpe, the co-ops took a definite step to assure future power supplies and to control escalating wholesale rates by empowering its new organization to negotiate for interests in Georgia Power plants.

The result of these negotiations is Oglethorpe Power Corp.'s current ownership of more nuclear capacity — 1,200 MW — than any other G&T in the country, and its concurrently greatest investment by a G&T in nuclear power: $1.2 billion. These purchases of 30 percent in the Edwin I. Hatch nuclear plant (in operation) and the Alvin W. Vogtle nuclear plant (under construction) have, according to Stacy, allowed the six-year-old cooperative to supply much more of its member systems' power requirements than if Oglethorpe had gone into an independent plant construction program.

"There's no doubt that we wouldn't be where we are now if we had tried building all our own plants instead of investing in Georgia Power projects," Stacy said, adding that the company has been particularly pleased with the reliable and economical performance of Plant Hatch. Stacy noted that through its ownership in Hatch and in a coal-fired plant in operation, Oglethorpe now

supplies about 40 to 45 percent of its systems' annual energy needs, a figure which will increase substantially when Vogtle goes into operation in the late 1980s. Joint ownership in these plants has, according to Stacy, saved Oglethorpe's member systems from 30 to 32 percent over the cost of supplying that electricity solely through purchased power.

"This arrangement has benefitted every consumer in the state," Stacy said.

The $336 million loan for Oglethorpe Power's investment in Hatch marked REA's first loan guarantee for nuclear power, and as such also marked a change in the old REA direct-loan program. In 1973, the federal government established the Federal Financing Bank, under the Treasury Department in order to consolidate the majority of government borrowing and alleviate problems caused by separate federal agencies going directly to the financial marketplace for funding. The FFB thus took over most of REA's lending activities, although REA still makes 35-year loans at five-percent interest from a revolving $1 billion fund for construction of distribution facilities.

REA's primary role now is that of insuring or guaranteeing loans against default. A G&T wishing to invest in a power production facility applies to REA, and upon approval of the application, an FFB loan is issued at an interest rate based upon the Treasury rate at the time of the application, plus one-eighth of one percent to cover administrative costs. And while this interest rate is higher than the former five percent REA loans, it does denote a major difference between cooperative and private investment financing. Private firms, unlike G&Ts, depend to a great extent upon their bond ratings to establish the cost of capital borrowed. Most G&Ts, unless they decide to conduct a sale of bonds, are not assigned bond ratings, and therefore are not under the kind of constraints and restrictions placed on private firms in the conventional financial marketplace.

But neither do they have unlimited access to easy money. Every loan application submitted to REA is extensively reviewed, and must be personally approved by the Administrator before any agreement is finalized. Review is particularly painstaking for loan applications for power plant investment, in order to assure that the investment can be justified in terms of need for power, examination of alternatives, economy, environmental impact and many other criteria, including close perusal of any operation and maintenance contracts and agreements between private firms and G&Ts embarking on joint ownership.

Cranes frame a focal point of construction activity at River Bend.

If a joint investment proposition in nuclear capacity meets those requirements, however, REA has no hesitation in guaranteeing loans for nuclear power, according to John Holt, chief of REA's power plants branch and the agency's nuclear advisor for the past nine years. Many factors are examined, such as the financial strength of the investor-owned utility involved in the venture, in order to determine whether there is reasonable assurance that the plant will be completed. But the agency recognizes the possibility of delays in nuclear construction without considering that a major negative factor, Hold said.

Holt adds that the past two to three years have been a period of special activity in nuclear plant investment among cooperatives, and believes that a tapering off of the interest in nuclear investment will more likely be due to the private firms' decision not to build, rather than a reluctance on the part of G&Ts to invest in nuclear power. However, Holt added, most cooperatives are not eager to take on the enormous task of building a nuclear plant independently, due to the time and effort involved in constructing, licensing and operating a nuclear power plant under current regulatory attitudes, a view substantiated by Stacy.

The interest in joint ownership in nuclear facilities is still considerable, however. Holt noted that on Sept. 30, the last day of fiscal year 1980, REA approved two loan applications for nuclear investment by cooperatives making their first venture into nuclear plant ownership: $588 million to Cajun Electric Power Cooperative for a 30 percent interest in Gulf

A structure takes shape at River Bend.

States Utilities' River Bend nuclear plant, and $400 million to South Mississippi Electric Power Association for a 10 percent interest in Middle South Energy's Grand Gulf nuclear plant, which will be operated by Mississippi Power & Light Co. There are several more similar loan applications for nuclear plant investment awaiting action, Holt said.

G&T interest in nuclear plant investment has not waned for several reasons: The most important one is the desire of cooperatives to depend more heavily upon owned generation capacity than purchased power to supply their energy needs, in the interest of power cost savings and supply assurance. Another important reason is that although many cooperatives are, like investor-owned utilities, experiencing decreasing growth rates, some still project demand increases well above the national average for the next 20 years. For example, while the state of Georgia as a whole projects a three percent per year increase in electricity demand through the year 2000, Oglethorpe Power projects its demand will grow by approximately 6.3 percent during that same period. Growth rates are projected even higher in the West, where resource development activities such as mining have brought energy-intensive industries into rural areas served by electric cooperatives.

This expected growth fits into the historical trend of the last 20 years, when the earlier pattern of movement from rural areas into the cities changed; rural communities and cooperatives began to experience a population escalation and concurrent electric demand growth, often due to industrial expansion. During the 1960s and 1970s, when investor-owned utilities had a steady annual growth rate of about seven percent, rural electric cooperatives had an equally consistent 10 percent per year demand increase. In 1979, however, that difference in rates suddenly narrowed, with the national average electric demand growth rate coming to 3.03 percent and that of rural electric cooperatives being only fractionally higher at 3.3 percent.

Regardless of whether cooperatives and private firms see a reversal of the recent trend toward declining demand growth in future years, some utility executives expect the trend toward joint ownership to continue in all types of generation projects and in transmission system construction as well. The sharing of capital costs and the prevention of facility duplication are seen as ways of avoiding unnecessary expenditure and corresponding financial difficulties for companies and rate payers alike.

The private-co-op joint ownership relationship has matured considerably, to the extent that some G&Ts are now planning or building plants and offering interests to investor-owned utilities. Oglethorpe Power, a part-owner in four Georgia Power plants, has come to a tentative agreement with Georgia Power under which Oglethorpe will build and operate the next generating units in the state, and will offer Georgia Power Company an interest in the plant.

This situation has already taken hold in other areas. Central Iowa Power Cooperative owns a coal-fired plant which Iowa Electric operates in return for a percentage of the energy generated by the facility. Upon conclusion of the agreement under which Cajun Power Cooperative bought into Gulf States Utilities' River Bend plant, another agreement was concluded for Gulf States to buy 42 percent of a coal-fired unit being built near Baton Rouge. □

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