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Texas' Wild Tea Party

Bob Moser | May 11, 2011

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On the muggy afternoon of Tax Day, state Representative Mike Villarreal hurried into his House Ways and Means Committee meeting, running late. One of the few rising stars in the Texas Democratic Party, which was swamped in November by a Tea Party tsunami, the 39-year-old from San Antonio is known as that rarest of beasts at the Capitol: a thoughtful, progressive policy wonk. Even at the best of times, the Texas Legislature—which Molly Ivins aptly called “the national laboratory for bad government”—is a lonely and frustrating place for the likes of Villarreal. But this session, which kicked off in January with news of a \$23 billion budget shortfall for the next biennium, has been downright mind-boggling.

Two weeks earlier, Villarreal and his Democratic colleagues had protested in vain as the House passed perhaps the most radical state budget bill in US history. The Tea Party—mad chamber voted to balance the ledger without raising revenues, axing \$23 billion from current spending levels—about one-fourth of the state’s current spending, and some of the deepest cuts contemplated anywhere in the country. Spending cuts to public schools, already among the nation’s most poorly funded, could mean some 100,000 teacher layoffs, pre-K programs decimated and schools closed. Huge cuts to Medicaid could push an estimated 60,000 senior citizens out of their nursing homes. “We’re already as a state fiftieth in per capita spending,” said another young San Antonio Democrat, Representative Joaquin Castro. “So you’ve got to ask yourself...at what point is this budget akin to asking an anorexic person to lose more weight?” Hundreds of citizens gave impassioned testimony about the mental health and home healthcare programs, and the drug rehabilitation, juvenile justice and early education efforts that were about to be gutted. The situation was so dire that one conservative Republican came to ask for his taxes to be *raised*. David Walker, the county attorney in the conservative Houston suburbs of Montgomery County, testified that his county had just built a treatment center to divert mentally ill offenders from jail. “If there must be budget cuts, let’s not cut human beings,” he said. “My Lord Jesus tells me, ‘What you do unto the least of my brethren, you do unto me.’...If it means raising taxes, then raise mine first.” But no amount of logic or moral suasion could derail the government-shrinking train.

At Ways and Means, Villarreal walked into a more tranquil scene. An amiable chat was well under way between the committee members and lobbyists representing luxury yacht owners, who had come to discuss a tax break on boats selling for more than \$250,000. This was urgently needed, the lobbyists were explaining, because Florida had recently undercut Texas’ tax rates on luxury vessels, and rich Texans were now docking there to save money. “I truly believe in my heart that Texas is a big boat territory,” said Jim Hedges of Lone Star Yacht Sales, “but because we haven’t

been progressive in our laws most of the buyers of large vessels have chosen other places to keep these boats.”

“It doesn’t take much to get over \$250,000 anymore,” a Republican from Wichita Falls said, empathizing with the yacht industry’s plight.

According to my *Texas Observer* colleague Forrest Wilder, who witnessed the proceedings, ominous murmurs began to circulate in the hearing room from members of the public who’d come to testify on other matters. Finally, Villarreal sorted out what was happening and said what was on all their minds: “So this bill is a tax break for mega-yacht owners? I feel like I just walked through the Twilight Zone.”

Villarreal mockingly grilled John Davis, the Houston Republican who’d proposed the yacht break. “Have you considered turning this into an omnibus bill, and including limousines and fur coats and other luxury items? Because you know, we haven’t cut education enough this session, and there apparently aren’t enough nursing homes on the verge [of closing]. What else can we do to bleed the state?”

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It was a desperate cry for sanity in a session that, even by the standards of the Texas Capitol, was setting new standards for irresponsible governance. The madness began on January 10. On the day before thirty new right-wing Republican representatives were sworn in, the state comptroller announced the whoppingest budget shortfall in state history.

The fiscal crisis caught most Texans unawares. For the better part of a decade, they’d had their collective egos puffed up by *BusinessWeek*, *Fortune*, *Forbes*, *The Economist* and CNBC proclaiming Texas as the economic miracle of the nation. Governor Rick Perry, a friend and disciple of Grover Norquist, had just won re-election by extolling the wonders wrought by tax-cutting, deregulation and the aggressive courting of jobs from higher-tax states like California, Michigan and Illinois. “There is still a land of opportunity, friends—it’s called Texas,” Perry said last year as he cruised to victory. “We’re creating more jobs than any other state in the nation.... Would you rather live in a state like this, or in a state where a man can marry a man?”

In the ten years since George W. Bush swaggered away to Washington, Perry has been the chief mad scientist in Texas’ bad-government lab, seizing every opportunity to gut social spending, pander to the culture-warriors and enrich his high-rolling corporate sponsors. In 2003, with a conservative legislature feloniously purchased by Tom DeLay and associates, Perry led a revolution to deregulate, privatize and tort-reform nearly everything. “Texas is open for business,” his campaign happily proclaimed when the dust had settled.

Three years later, with the lawmakers deadlocked over a school finance plan that would somehow meet State Supreme Court standards, Perry engineered a massive “tax swap,” slashing property taxes and replacing them with a modest business tax that left the state with a \$5 billion annual “structural deficit” going forward—and a handy excuse to keep cutting programs to make budgets balance.

This year, when the massive debt was announced, Perry’s right-wing allies could not contain their glee. “The bottom line is there are no excuses now,” exclaimed Republican Senator Dan Patrick, a talk-radio host and founder of the Tea Party Caucus. “It’s a perfect storm, in a positive way, for conservatism.” In his inaugural speech, David Dewhurst, three-term lieutenant governor, turned it into a cheer: “We pronounce the word C-R-I-S-I-S as ‘opportunity.’”

In pep talks to the House and Senate, Perry poked endless fun at worrywarts like Villarreal and Castro, calling them the “doom and gloom crowd.” Nobody was getting hurt by a little \$23 billion spending reduction, he insisted. “As Texans, we will always take care of the least among our population,” the governor said. But just in case people got stirred up over the cuts, Perry quickly rolled out a series of sure-to-be-controversial “emergency items” to distract attention. In Texas, the governor can dictate the top-priority items for legislative sessions, the only measures that can be passed during the first sixty days of the 140-day sessions that take place every other year. Perry chose well: he called for outlawing nonexistent “sanctuary cities” and “voter fraud,” and requiring invasive sonogram procedures and twenty-four-hour waiting periods before abortions.

“Texas is going to shrink government until it fits in a woman’s uterus,” quipped Democratic Senator Leticia Van de Putte.

In Rick Perry’s Texas, problems with state government exist to be exploited, not solved. That’s what has turned Texas, during his record ten years in office, into a national beacon for antigovernment conservatives, a large-scale model village for Norquist economics. “Texas,” Paul Krugman wrote in January, “is where the modern conservative theory of budgeting—the belief that you should never raise taxes under any circumstances, that you can always balance the budget by cutting wasteful spending—has been implemented most completely.”

Praises for the Texas Model have been warbled by just about every leading advocate of tiny government. “Texas can serve as a pro-business, anti-waste model that could be replicated across the country,” Newt Gingrich wrote in the *Financial Times*. As the 2009 Texas Legislature galloped out of Austin, Fox News’s Neil Cavuto interviewed a triumphant Governor Perry, trumpeting Texas’ fiscal marvels. At the bottom of the screen, the scroll read: Texas Cuts Taxes; Still Balances Budget and Socks Away \$9 Bil. Nobody spread the gospel more enthusiastically than Perry himself, who has traveled widely as chairman of the Republican Governors Association. “We come here with a message of optimism,” he said at the Nasdaq’s closing bell in October 2009, “with word that there is still a place where jobs are welcome, where taxes are low, regulations are predictable and frivolous lawsuits a rare occurrence. That place is Texas.”

But while Perry has been building that “economic miracle,” he’s been sandbagging the state’s ability to provide decent social services or schools or healthcare—and crippling the economic future in the process. Under George W. Bush and most of his gubernatorial predecessors, Texas public schools were bad. Under Perry, they’re positively Mississippian. It makes little sense that for all of Texas’ abundant wealth and corporate bling, the state would rank thirty-eighth in per student spending, forty-fifth in SAT scores, third in teen pregnancies and dead last in the percentage of adults with high school diplomas. “Texas is setting a new standard by setting new lows,” says East Texas blogger Susan DuQuesnay Bankston.

Although the state, as Perry often reminds his listeners, has added far more jobs than any other state in recent years, it has also added far more minimum-wage jobs—no surprise, with companies relocating mostly to save taxes, not to find a skilled and educated workforce.

“If you wanted to destroy an enemy,” says former Lieutenant Governor Bill Hobby, a Democrat, “you would do exactly what the Republicans are doing to the State of Texas.”

The shortsightedness of the wholesale budget cuts isn't limited to children's healthcare access (where Texas ranks last) or schools. In the draft state budget, community mental health centers faced up to a 40 percent cut in funding. "These cuts are basically going to cost-shift onto the counties and cities and the hospital districts," says Leon Evans, who runs San Antonio's Center for Health Care Services. "These people will end up in jail or emergency rooms or homeless on the street. Why wouldn't you fund a cost-effective treatment alternative to improve the public safety net and save taxpayers' dollars? Why wouldn't you do that?"

Partly, says Stuart Greenfield, former systems analyst for the Texas comptroller, it's because so many Texans have drunk the Norquist Kool-Aid and believe government has no role to play. "All that is required, they think, is hard work and strong family values, and that government only interferes with one's ability to achieve that."

That mentality has made government-by-tax-cutting possible. But now, write Joe Wiesenthal and Gus Lubin in *Business Insider*, the recklessness of that approach has caught up with the Lone Star State. "Think of Texas as being like America's Ireland," they write. "Ireland was once praised as a model for economic growth: conservatives loved it for its pro-business, anti-tax, low-spending strategy, and hailed it as the way forward for all of Europe. Then it blew up."

But the collapse of Texas' illusory prosperity has not deterred the seventeen governors that Perry and the Republican Governors Association helped elect in November—including Scott Walker of Wisconsin, John Kasich of Ohio and Rick Scott of Florida—from taking their cues from Perry's vaunted model. It's especially handy as an excuse to gut labor laws, relax regulations and ax budgets. "If you look at the job creator over the last ten years, it's been Texas," Scott said shortly after his swearing-in. Walker, as he began his controversial governorship, joked with an audience of dairy businesses that he'd told Perry, "Look out, we're coming after you."

In his quest to replicate the Texas Model, Walker provoked a famously fierce backlash. Like Scott and Kasich, the governor of Wisconsin labors under a handicap Perry hasn't faced: organized progressive and labor activists—and viable Democrats. Texas' hell-raising liberal tradition disintegrated during the right-wing takeover that commenced in the 1990s. No Democrat has won a statewide office since 1994. With union members about as rare in Texas as PhDs, there was nobody to organize protests against the state's dire budget cuts. Except for one large Save Texas Schools rally, which brought 11,000 to the Capitol in March, resistance has been scattered and ineffectual.

When Norquist paid Perry one of his frequent visits in March, he urged the governor to stand firm in the face of growing protests against drastic budget cuts. "Now is not the time to get wobbly," he said outside a Dallas machine shop, while workers looked on quizzically. "Do more tort reform, more tax reduction, more spending restraint."

Quoting "political philosopher Rahm Emanuel," Norquist reminded Perry never to waste a crisis. "Sometimes the only way to get the bureaucracy to rethink what it's doing is to tell them there's a crisis," he said. Perry nodded knowingly.

"I don't think there is anything that is so important that [it] cannot be...reduced, or for that matter, eliminated," Perry said, summing up his governing philosophy. The Texas Senate, feeling the heat from a growing outcry across the state, bucked the governor in April, passing a budget that outspent the radical House by \$12 billion. (The differences will be worked out in conference committee, and probably in a special legislative session this summer.) The Senate's budget still chopped \$4 billion from public schools, \$3 billion from Medicaid. But in the anti-tax climate of Texas, the senators sounded like they'd just proposed the New Deal. "This is a heroic effort," said Republican Senator

Kevin Eltife. "While this causes pain, it's pain that's bearable," crowed Democrat Juan Hinojosa. Bearable pain versus unbearable pain: that's what it's come to in Texas.

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On Tax Day, while the "progressive" yacht bill was being considered, the state's leading right-wing think tank celebrated its impending victory over government in exquisitely appropriate style: it launched the Laffer Center for Supply-Side Economics, in Austin. In a vast ballroom of the Four Seasons downtown, Governor Perry toasted Arthur Laffer, the discredited inventor of the Laffer Curve and voodoo economics. "Why do people even debate this anymore?" Perry said, throwing up his arms dramatically. "Why do you even debate supply-side economics anymore?"

After speaking in the hushed tones of a preacher imparting secret salvational wisdom, extolling the Texas Model—and mentioning the record budget shortfall only in passing—Perry insisted to his admiring audience, "I don't try to sugarcoat what's going on in this state. We've got our challenges." He did not elaborate. Instead, his tone sharpened as he turned quickly to the real culprit for any problems existing in the Ayn Randian paradise that is Texas: "We have a federal *government*"—he spat out the word "government" with a contempt worthy of George Wallace—"that has created a monstrous debt. And there are men and women who daily make decisions about whether or not they are going to risk their capital, and because of the policies that Washington has put into place, they say, I don't think so." If only, as Perry and his admirers frequently say, the country would wise up and follow Texas' lead en masse.

"At bottom, the struggle between national Republicans and Democrats is over whether the country will adopt a version of the Texas model, or of the Michigan, New York or California model," Rich Lowry opined on the *National Review* website. "For policymakers wanting to restart the American jobs machine, forget the Alamo. Keep in mind the Texas model."

Texas has long been as politically and culturally influential as California. If that's not often recognized, it's for a valid reason: the influence Texas exercises pulls other states backward. "People used to say that the future happens first in California," Krugman writes, "but these days what happens in Texas is probably a better omen. And what we're seeing right now is a future that doesn't work."

Not long ago, Bill Hobby, the former lieutenant governor, was marveling at the extremes to which the Texas Republicans have gone. "There's an evil mutant gene in the Republican Party," Hobby said. "I don't know if there's any cure for it. I guess you can only hope the disease runs its course before it kills the patient." Or before it spreads too far.

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