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## Dark heart of the American dream

It's the most polluted state in the planet's most powerful country. Ed Vulliamy goes into George Bush's backyard to reveal how big oil got in bed with big politics and the price paid by the little people

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See page 11 of article for Bush meeting with bin Laden on 911.

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- [Story index](#)

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There is a perverse beauty to the landscape arraigned below the iron bridge where Highway 255 strides the Houston Ship Channel: great towers of light and fire as far as the eye can behold; sinewy steel piping, plumes of smoke and flame twinkling into a Texas twilight coloured by a shroud of pollution hanging from the sky. The awesome prepotency of this smokescape is no illusion, for this is an epicentre of power, oil capital of the Western world and the most industrialised corner of the United States. It is also the capital of a power machine perfected in Texas, elevated to rule the nation and now unchallenged across the planet. A machine that operates in perpetual motion - an equilibrium of interests - between industry and politics. LaNell Anderson, former Republican voter, businesswoman and real-estate broker who lived many years in this land of smokestacks and smog, calls it 'vending-machine politics: you puts your money in and you gets your product out'.

'We don't see ourselves as a dynasty,' said George Bush Sr as his son launched the election campaign that won him the current presidency, raiding father's Rolodex to do so. 'We don't feel entitled to anything.' And yet at no point in the past 50 years - the half-century since 1952 which defines the modern age - has there not been a Bush in a governor's mansion (in Texas or Florida), on Capitol Hill or in the White House - and usually more than one of those at a time. The 'vending machine' is a single family whose tango with the powers which illuminate this endless

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[The hole truth](#)

[Wish you were here](#)

[The Guardian](#)

[Front page](#)

[Story index](#)



horizon of light and flame is a dance around every corner in the labyrinth of Texan and now national - indeed global - politics. 'Everything they learned when they started out in west Texas,' says Dr Neil Carman, once a regulator of pollution in the state, 'they applied to the governor's mansion, the nation and the world... Power in America is not so much about George W Bush, it's about the people from Texas who put him there.'

This is the dynasty's throne, the state whose highways are lined with the spirited advice 'Don't Mess With Texas' (originally the slogan of an anti-litter campaign). As if litter would make much difference: Texas counts the worst pollution record in the US, top in the belching of toxic chemicals and carcinogens into the air, top in chemical spills, top in ozone pollution, top in carbon-dioxide emissions, top for mercury emission, top in clean-water violations, top in the production of hazardous waste. Houston overtook Los Angeles for the coveted title of 'most polluted city' in the early 90s.

'You are looking at the biggest oil refinery in the world,' indicates LaNell Anderson. She refers to the edifice that is the 3,000-acre Exxon Mobil plant at Baytown, near Houston, producer of 507,800 barrels a day. Here begins a story of both dynasty and destiny, for it was on this spot in 1917 that the Bush family's oil connection was forged - where the Humble Oil company, which struck black gold in the Houston suburb of that name, took root, later to become the Exxon behemoth. Humble's founder, William Stamps Farish, went on to become president of Standard Oil. His daughter became a friend of George Bush Sr and his grandson William Jr was taken in 'almost like family' (said Barbara Bush) while campaigning for George Sr's entrée into Washington Senatorial politics in 1964. Farish Jr claims to have been the first man to whom Bush Sr confided his ambition to be president one day, and was last year named US Ambassador to London.

At first, Anderson welcomed the benefits to a community of the 200 oil-related industries relocated to the Houston area by the time she and her second husband set up home in a suburb wedged between Exxon and the Lyondell chemical plant. Neither she nor he had any history of disease in their families. But in 1985, her husband's daughter gave birth to a girl, Alyssa, with a rare liver disease - she died aged six months. In 1986, Anderson's mother became ill and died of bone cancer a year later. The following year, Anderson and her sister were diagnosed with rheumatoid arthritis, as was a granddaughter in 1992, and an older sister with Crohn's disease. In 1991, her father died from emphysema; a year later the mother of Alyssa gave birth to a son immediately diagnosed with severe asthma. Anderson connects the

litany of disease with mishaps by her industrial neighbours. She paraphrases their attitude thus: 'If someone doesn't like it, they can sue us if they can - and since we have more money than God, we will win.'

A thumbnail sketch of politics and the environment in the United States today depicts oil as the lifeblood running through every vein of an administration forging ahead with its energy policy. The White House has just been forced to disclose (after being faced with a Congressional subpoena) that it drew up a national energy plan based on increased production without regard to the environment or conservation, having failed to consult with anyone other than its friends among the producers themselves, notably the disgraced Enron. This despite the fact that an energy crisis in California last summer caused most analysts to draw the opposite conclusion, stressing the need to curb a gas-guzzling America.

At the hub of this turning wheel of influence is Vice President Dick Cheney, fresh into office from his post as chief executive of Halliburton, the world's second-largest oil-drilling services company, where he netted a personal fortune of \$36m in the year before leaving, with help from contacts accumulated while serving under George Bush Sr. Just last week, however, Halliburton joined Enron in coming under investigation by the Securities and Exchange Commission for the same system of publishing inflated revenues - 'aggressive accounting' - for which Enron has become a synonym for shame. These alleged misdeeds took place during Cheney's directorship. The company also faces a floodtide of civil lawsuits over asbestosis\_ unless a model can be found (as has been established in Texas) to make such resort to the law high impossible for anyone without money.

The entwinement of the Bush dynasty with the energy barons of Texas has apparently humble beginnings, in the Lone Star State's wild west, on the plains around Midland and Odessa. This is barren land across which dust devils fly and trains rumble like iron snakes. This is where George Bush Sr was sent by his father, Senator Prescott Bush, to a trainee job with the International Derrick and Equipment Company, a subsidiary of Dresser Industries, controlled by the Bush family and selling more oil rigs than anyone in the world. (Dresser later became absorbed by Halliburton.)

The world first heard of Odessa on that fateful day in December 1998 when Bush Jr was governor of Texas and the sky turned black after an 'upset' at the Huntsman chemical plant literally on the wrong side of the railroad tracks it shares with poor housing, where Mexicans and blacks live. (An 'upset' is an unplanned accident releasing pollution, not part of the plant's normal running procedure, and which does not count in its regulatory tally.) Lucia

Llanez, who lives in this tightly knit community of bungalows between plant and railroad, will never forget this one: 'It was dark all over; cars on the Interstate slowing down and putting their lights on because they couldn't see, though it was day. There was a rumbling like trains that rattled the windows, and people were going to hospital for watering eyes, allergies and problems breathing. The cloud stayed two weeks.'

The story of Huntsman goes back to the days of Bush Sr's arrival, when Odessa was a town of what retired fireman Don Dangerfield calls 'wildcatters'. In the 40s, the US Air Force bombed deep holes in the giant Permian oil basin in a search for oil which then attracted a stampede of speculators (including those from Humble) who would, recalls Dangerfield, 'spend the nights in a hotel, the End of the Golden West, and gamble their lots in rooms so thick with cigar smoke you could hardly see'. Among them was a man he remembers well: John Sam Shepherd, a former attorney general of Texas and member of the White Citizens Council - a political wing of the Ku Klux Klan - disgraced by a land scandal and come to seek his fortune out West by setting up the El Paso Products company, later Huntsman.

George Bush landed in this mayhem but quickly decamped 20 miles north to Midland, where new millionaires like him established a country club, a Harvard and a Yale club, met at the Petroleum Club and played golf on irrigated lawns. Midland was, recalls Gene Collins, a member of the National Association for the Advancement of Colored People in Odessam 'one of two towns in America with a Rolls-Royce dealership and more millionaires per head than anywhere'. This was where Bush Sr built his oil fortune, launched a political career on its shoulders and raised his son George W Bush in the art and language of power he now feigns not to speak. The story of how Bush Sr constructed his empire is well known, as is that of how his son George W was groomed to follow in his footsteps. Less widely broadcast, however, are the depths and intricacies of a system the Bush family built in bonding with the energy industry, as the dynastic machine elevated its methods from Odessa to the Senate, the governor's mansion in Austin, the oil centres of Houston and Dallas, the White House and thereafter the globe.

Neil Carman has a professorial air to him that belies the sharpness of the surgical blade with which he tries to operate on 'Toxic Texas'. Originally a plant biologist, he was an investigator for the Texas Natural Resources Conservation Commission (TNRCC), responsible for issuing permits for agreed levels of pollution and enforcing environmental law. In 1989, he took on the General Tire and Rubber Company for 'systematic violations'.

The firm hired a lobbyist, Larry Feldcamp, from the Baker Botts law firm whose senior partner, James Baker III, was secretary of state to then president George Bush Sr and who later, as an attorney, secured the delivery of the state of Florida for Bush Jr during last year's election recounts. Baker Botts advertises itself as a 'full service firm', counting Shell, Mobil, Union Carbide, Huntsman, Amoco on its books. The other law firm indivisible from the energy lobby and the Bush fiefdom is Vinson & Elkins, which acts for both Enron and the Alcoa aluminium giant, whose former chief executive Paul O'Neill is now US Treasury Secretary. Between these law firms and the regulatory body supposed to face them down, says Dr Carman, 'there's a revolving door. Feldcamp's place was taken recently by the most active attorney on the oil scene, Pamela Giblin - one of the TNRCC's first appointees.'

Carman resigned because 'all they had to do was hire people like Feldcamp and you were off the case. They did not deny permits - they must have issued 50,000 permits for air pollution during my time and refused only two, on occasions when the public raised hell. And they don't revoke them - it's not like drunk driving: if you get caught, they just keep reissuing. They used to refer to these places as "industrial areas", as if that meant they were outside the law. I called them "sacrifice zones".'

There is another problem, unique to Texas: the 'grandfathering' rule. Grandfathering dates back to the Texas Clean Air Act of 1971, exempting existing installations from compliance with new regulations. The idea was that they would be modernised or become obsolete and close. In the event, firms found that not being obliged to spend on pollution control gave them a competitive edge, and nearly three decades later, grandfathering accounted for more than 1,000 plants and 35 per cent of all pollution in Texas. Nevertheless, in the early 90s, the TNRCC began to toughen its stance in accordance with a more aggressive federal approach to pollution by the new Clinton administration. Then, in 1994, Texas went to the polls to elect a new governor - 'And when Bush took over,' says Carman, 'everything changed.'

Two groups based in Austin - Texans for Public Justice (TPJ) and Public Research Works (PRW) - crunched the statistics on the wave of money on which George W Bush sailed into the governor's mansion. It was what Andrew Wheat of the TPJ calls 'something unheard of in Texas or anywhere else: \$42m on two campaigns'. Grandfathered polluters poured \$10.2m into the campaign coffers between 1993 and 1998, led by what PRW calls the 'dirty 30', including Exxon, Shell, Amoco, Enron and the Alcoa aluminium giant. Bush himself received \$1.5m from 55

grandfathered companies, led by Enron, with a handsome \$348,500 top-up from the man he calls Kenny Boy - Kenneth Lay, the company's chief executive, currently under criminal investigation.

Wheat's analysis of the new governor's 'personal time' shows a revolving door for campaign donors and the energy industry. Andrew Barrett, Bush's in-house environmental policy advisor, began daily visits to the TNRCC in preparation for the appointment of new commissioners: Ralph Marquez, lobbyist for the Texas Chemical Council and former executive of the Monsanto chemical firm, and Barry McBee, attorney with the law firm Thompson & Knight, a major contributor to Bush funds with a host of oil-industry clients.

Legislation based on the notion of 'self-regulation' followed: a law enabling companies to audit their own pollution records provided they reported them, in exchange for which there would be absolute protection from public disclosure. Big oil was delighted, as a memo obtained by an environmentalist group, the Texas SEED Coalition, illustrated: a record of a gathering in June 1977 at Exxon in Houston by 40 representatives of the Texas oil and gas industries - written by one of their number - said 'the "insiders" from oil and gas believe that the governor's office will persuade the TNRCC to accept whatever program is developed between the industry group and the governor's office'.

It was not until Bush became president that, in its 2001 state legislature, Texas finally decided to rein in the 'grandfathered' plants. A bill gave them until 2007 to come into line with federal law or shut down. Even then, there was a legal challenge to the TNRCC's science from the Houston Business Partnership, recently entrusted with millions in federal money to clean up the Gulf coastline. The partnership is a high-octane chamber of commerce, throwing up a few familiar names: Exxon, Conoco, Enron, James Baker's law firm Baker Botts - and George Bush Sr.

Most important of all - and best hidden - was Bush's programme for Tort Reform. It was this that his father's advisor Karl Rove (dispatched to steer Bush's presidential campaign and now the White House itself) insisted the new governor make his hallmark, and this is potentially the dynasty's greatest gift to big oil. Put simply, Tort Reform means making it harder for citizens to sue corporations. TPJ calculated that business interests specifically isolating Tort Reform on their political agenda poured money into Bush's gubernatorial campaigns. Soon after being elected governor, says Andrew Wheat, Bush declared Tort Reform an 'emergency issue'.

This meant appointing a judge to the Texas supreme court

whom President Bush is tipped to bring aboard the Supreme Court in Washington (to which, some say, he owes his presidency). Alberto Gonzalez wrote a decision soon after his appointment to the Texas court which made it all but impossible for citizens to bring class actions. 'The result,' says Shawn Isbell, a lawyer working on environmental cases, 'is that it will simply be too expensive to bring cases against the corporations.'

Another ruling, says Sandra McKenzie, the lawyer who fought a long and bitter battle against the Formosa Plastics firm, stipulates that 'anyone trying to prove a personal chemical injury had to show that other people in a similar situation had suffered the same reaction, according to a study in a published journal'. The new precedents, says McKenzie, 'changed the laws to establish a no-compromise, "take no prisoners" approach by the Bushes'.

In 1989, George Bush presented the Governor's Award for Environmental Excellence to the Valero chemical refining company. Foremost in the minds of the proud executives at the ceremony in Austin's luxury Four Seasons Hotel was their 'refinery of the future' at Corpus Christi, on the Gulf, at the far end of the coastal strip that runs through Houston to the Louisiana border.

Alfred Williams gets a better view of the refinery of the future across the freeway from the garden of his mobile home than Governor Bush did from the Four Seasons. He can smell it better too - the inimitable stench on the muggy delta air that signifies the cooking up of cheap crude-oil 'feed stock' to produce its chemical by-product and treating the neighbourhood to a dose of sulphur dioxide.

When Williams, an ex-Vietnam Marine, moved here in 1972, 'this was all farmland'. He now delivers an impassioned requiem for his garden, with its peach trees dead or buckling over. The light of a quicksilver moon catches the plume of sulphur along what they call Refinery Row.

'I'm in my golden years,' he reflects. 'But I can't sell my house because no bank will give a loan without 40 per cent down. And they won't relocate me, as I'd do if they offered.'

'It started with having to wipe residue from off of my car. Then the iron on my rooftop here started to get corroded, and the trees were dying. Sometimes I have to come inside because my eyes are burning.'

Williams filed a civil suit against Valero, steered by attorney Shawn Isbell. The court in Corpus denied Williams

class action status in accordance with the zeitgeist, but Isbell managed to discover how the refinery of the future was so poorly crafted that Valero had (unsuccessfully) sued the companies which had built it. She also found out how the Texas system of overlooking 'upsets' works. Since 1994, Valero had suffered more than 480 'upsets', but the TNRCC records each set of emissions separately - for example, Valero's sulphur-dioxide emissions for 1977 show up on the commission's website as 166.4 tons, while the reality including 'upsets' is closer to 700 tons. Nevertheless, says Isbell, 'I've seen the TNRCC go harder after a pig farmer than I have after these kinds of companies.'

Williams keeps a notebook by his phone to record the 'upsets' over the road. He reports them to the TNRCC. But, he says, 'I call them rainbows: they are shut at night and on the weekend when the sulphur is released, and they only come when the storm has come and gone.'

Cornelius Harmon is a cab driver in Corpus, and takes a drive along Refinery Row, down a road he calls the 'buffer zone'. It divides a wasteland of former housing - where those relocated because of pollution by another plant, Koch, once lived - from the mostly black and Hispanic community of Hillcrest. 'Are you gonna tell me,' posits Harmon, 'that the hand of God Almighty drew a line down this road and He says: "Over yonder side is contaminated and this side is fit for folks to live ?" And what have we got here? Well, I'll be doggone if it's not a school, with children playing in the smell. The people who run these things, they give our kids a new pair of sneakers and go to church and think they're going to heaven. But at the pearly gates, they're going to find St Peter in his Afro saying: "Whassup cuz? Seems like you're trying to get into the wrong place."'

Time came for destiny to fulfil itself, for the son to stand for the high office in Washington which the Bush dynasty and its backers saw as having been usurped by Bill Clinton. The story of what carried George W Bush to the White House is well known: the most ruthlessly efficient campaigning machine ever assembled - by Karl Rove - with all the family's best connections filling a treasure chest that broke all records. As they returned to number-crunching in Austin, Texans for Public Justice and Public Research Works found little to surprise them save the machine's speed and efficacy. Within a month, Bush had raised hundreds of thousands of dollars, with Enron leading the field and two law firms giving \$146,900 - most prominently Vinson and Elkins, attorneys to Enron and the Alcoa aluminium giant, and James Baker's company, lawyers to the oil industry.

When Bush came to pick his cabinet, almost all pivotal



positions went to Bush Sr's inner sanctum, apart from the posts of commerce secretary (Don Evans, longtime buddy of Bush Jr's and a fellow Midland oil man) and treasury secretary (Paul O'Neill, currently touring the globe with Bono of U2, and former chief executive of Alcoa, the world's biggest producer of aluminium).

Alcoa held a stockholders meeting to send O'Neill off with a torrent of eulogies and an annual pay packet worth \$36m, but three speakers spoiled the party. Two were trade unionists from O'Neill's troubled plant at Ciudad Acuna in Mexico, challenging the chief executive's claim that conditions at their factory were so good 'they can eat off the floor'. The third was the soft-spoken Texan Ron Giles, drawing attention to the biggest of the state's 'grandfathered' polluters - the Alcoa smelting plant at Rockdale. If the Rockdale plant were a single state, it would count 40th for pollution among the 50 in the union, belching more than 100,000 tons of toxins in 1997.

The smokestacks of the largest aluminium smelter in North America fit incongruously into the pastoral ranch land northeast of Austin. And they seem especially odd as backdrop to the 300-acre ranch where Wayne Brinkley's family has raised cattle since the late 1800s, but over which hangs a stench wafting across the moonscape of Alcoa's lignite mine.

Brinkley looks as much the Texan as President Bush in his boots and Stetson - 'Only difference is,' he says, 'I am one, and Bush is not.' In his office is a hog, stuffed and mounted, and an awesome collection of vintage knives and firearms. On his desk is a survey by the independent Research Analysis Consultations group showing that concentrations of magnesium, calcium and aluminium register 'very high' around Brinkley's barn, and sodium and titanium over his fields. 'My son had cancer when he was just a young kid,' he says in a voice like sandpaper. 'They tried to buy us out. They keep offering various deals saying I can't talk to anyone about this for 35 years, and then they changed it to forever. But why should I leave? My family's been here 100 years; they've been here 50. They should do it by the book, and keep it clean for the rest of us.'

Alcoa continues regardless, feted by Wall Street for 'dazzling' returns. But in the last light of a warm evening, quiet rebellion stirs in the community room of a little town called Elgin. A group of local people, Neighbors for Neighbors, have obtained records that show Alcoa to be cheating, making improvements to its production plant worth some \$45m without parallel investments in pollution control. As a direct result of the Neighbors' exposé, the company was investigated by a TNRCC with no place to

hide this time.

Neighbors for Neighbors, enjoying statewide coverage and acclaim for its pluck, is itself suing the company. Billie Woods, Neighbors' president, says that Alcoa has responded by pressing ahead with its plans for a new lignite mine that would carve up 15,000 acres of farmland. The company has also made court applications to enter and search the homes of Neighbors activists. The request was denied, but the matter moved the usually conservative Daily Texan newspaper to demand: 'Stop the Alcoa Gestapo!'

Yesterday Texas, today Washington, tomorrow the world. With Bush family business back home in the US presidency, it now moves, in the form of the father, to the apex of global finance. The Carlyle Group defines the next phase of power: a Washington-based private equity fund with a difference. It is headed by Frank Carlucci, former CIA director and defense secretary under Ronald Reagan and lifelong friend of George Bush Sr. Bush (also once director of the CIA) sits next to Carlucci on the board with a portfolio specialising in Asia and does not hesitate to communicate with his son on concerns of regional relevance to Carlyle such as Afghanistan or the Pacific Rim. Bush Jr was once chairman of a Carlyle subsidiary making in-flight food.

On Carlucci's other flank is the ubiquitous James Baker III. Chairman of Carlyle Europe is John Major. The group's new asset management is headed by Afsaneh Beschloss, former treasurer of the World Bank. Carlyle has grown quickly to be worth some \$12bn, specialising in energy and defence, with particular attention to the oil-producing Gulf states. Among its most eager investors is Prince Bandar, Saudi ambassador to Washington and his father Prince Sultan, the kingdom's defence minister. The group's most spectacular recent coup was to reap \$400m in a stock sale of its subsidiary United Defence Industries, maker of the Crusader artillery system which most military experts argued was redundant, but which won \$470m in development money from the Pentagon and whose future in the US arsenal still hangs in the balance after a series of recent meetings between Carlucci and Defence Secretary Donald Rumsfeld. Within a month of 11 September last year, Carlucci was meeting with Rumsfeld and his deputy Paul Wolfowitz, and 10 days later offered an assessment which exactly predicted the endless-war scenario: 'We as Americans,' he said, 'have to recognise that terrorism is more or less a permanent situation.'

'What's the secret?' chided William Conway, a co-founder of the group. 'I don't think we have any secrets. We are a group of businessmen who have made a huge amount of money for our investors.' 'I never bought into this

conspiracy theory about the Bush family, the energy companies or the Carlyle Group,' says Michael King, seasoned political editor of the Austin Chronicle , who has observed the phenomenon for decades. 'It is perfectly clear what they're aiming at from what they do in public: managing the global economy to their own advantage, and doing a pretty good job of it.'

On 11 September, while Al-Qaeda's planes slammed into the World Trade Center and the Pentagon, the Carlyle Group hosted a conference at a Washington hotel. Among the guests of honour was a valued investor: Shafiq bin Laden, brother to Osama.

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