

CHAPTER
26

A Changing Economy and Society

1970–1990

SECTION 1 An Economic Boom

SECTION 2 Effects of the Boom

SECTION 3 Texans Endure an Economic Crunch



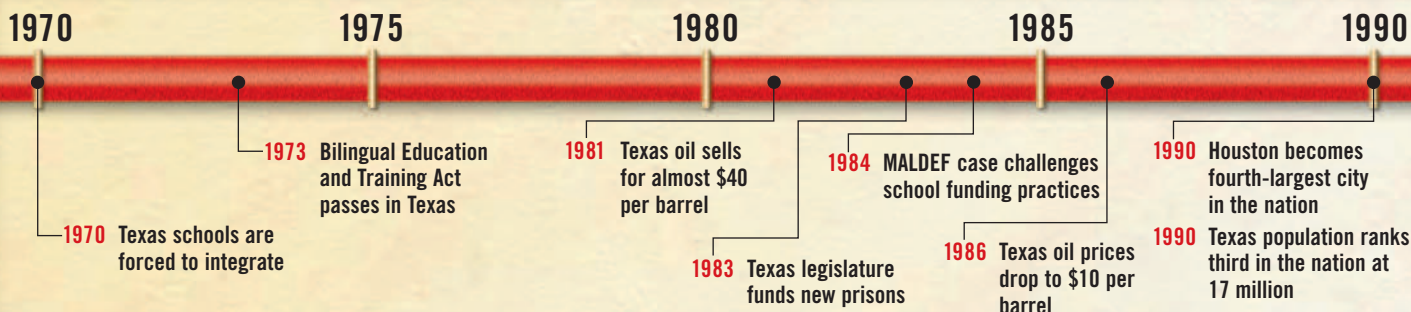
VIEW THE **Texas on Tape**
CHAPTER 26 VIDEO LESSON.

*I'm sick and tired
of Texas and all its
sorry soil. I drill
and drill for water
and don't get
nothin' but oil.*

Businessperson
C. M. Rogers



Pump jacks



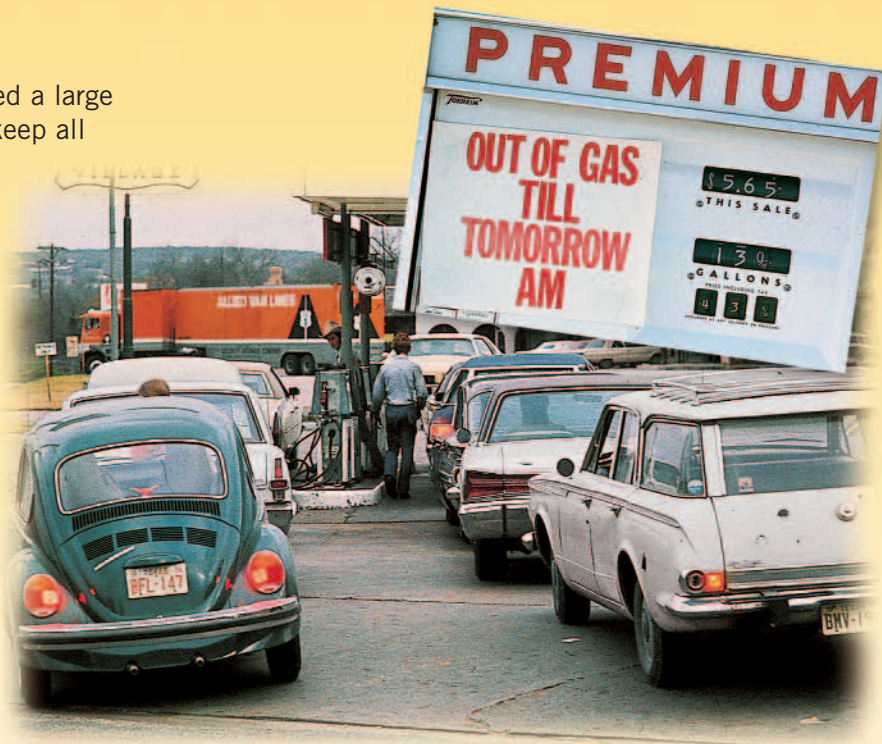


SKILL BUILDER

Reading Social Studies

Before You Read

Imagine that you have just received a large amount of money. You decide to keep all of the money in a box. If the box were lost one day, how would you feel? To prevent such a loss from happening in the future, you might keep some of your money in a savings account, invest some, and keep a smaller amount in your pocket. Many people involved in the Texas oil industry during the 1970s and 1980s lost their money when the industry collapsed.



Think about

- the benefits of taking risks
- the drawbacks of taking risks
- ways to reduce possible losses

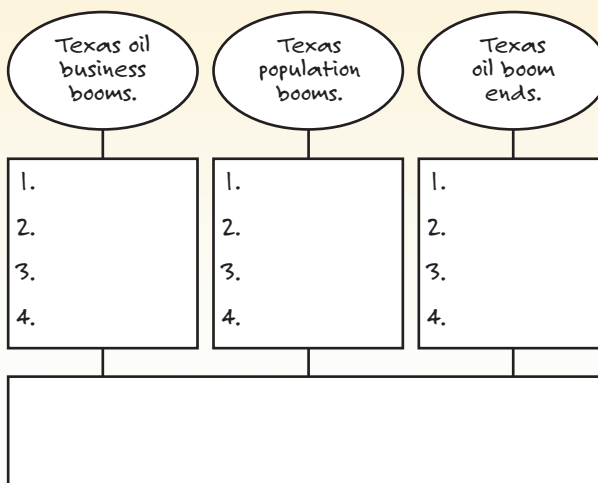
As You Read

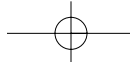


In 1973 a ban on the shipment of oil to the United States caused the value of Texas petroleum to skyrocket. However, falling oil prices in the late 1980s brought the Texas oil industry crashing down. Many changes occurred in the state as a result of the boom and later decline in oil production. Completing this graphic organizer for Chapter 26 will help you to understand the effects of the rise and fall of the Texas oil industry during the 1970s and 1980s.

- Copy the main idea chart in your Texas Notebook.
- In the boxes in the second row, list four details that support each main idea.
- In the box in the third row, summarize the events of the 1970s and 1980s in Texas.

Organizing Information





SECTION



An Economic Boom

Why It Matters Now

The economic boom of the 1970s and early 1980s brought great change to many areas of the state.

TERMS & NAMES

OPEC, **embargo**, **crude oil**, Sunbelt, **diversify**

OBJECTIVES

1. Trace the boom-and-bust cycle of oil and other leading Texas industries in the second half of the twentieth century.
2. Analyze the effects of oil and other physical factors such as climate on major events in Texas.
3. Analyze the effects of physical and economic factors on agriculture.

MAIN IDEA

The mid-1970s was a time of major growth in Texas. Oil prices soared, attracting new businesses and industries to the state. At the same time, Texas agricultural products began to be exported around the world.

WHAT Would You Do?

Write your response to *Interact with History* in your *Texas Notebook*.



INTERACT WITH HISTORY

Imagine that your uncle owns and manages a business in another state. You want to encourage him and his family to move to Texas. What arguments might you use to convince your uncle that Texas is a better place to live and do business in? What would you say Texas has to offer?

embargo *a government order that stops or hinders trade*

crude oil *oil that has not yet been refined*

Oil: Driving a Booming State

At the beginning of the twentieth century, the development of the oil industry made Texas one of the leading industrial states in the nation. All through the twentieth century, individual Texas cities and the state itself went through cycles of “boom and bust” relating to the fortunes of oil and natural gas.

In 1960 the major oil-exporting nations of the world formed the Organization of Petroleum Exporting Countries (OPEC). In order to control the price of oil in world markets, these countries agreed to reduce their production. Then in 1973, in response to political tensions in the Middle East, the Arab members of OPEC placed an **embargo** on oil shipped to the United States. Suddenly, oil was in short supply.

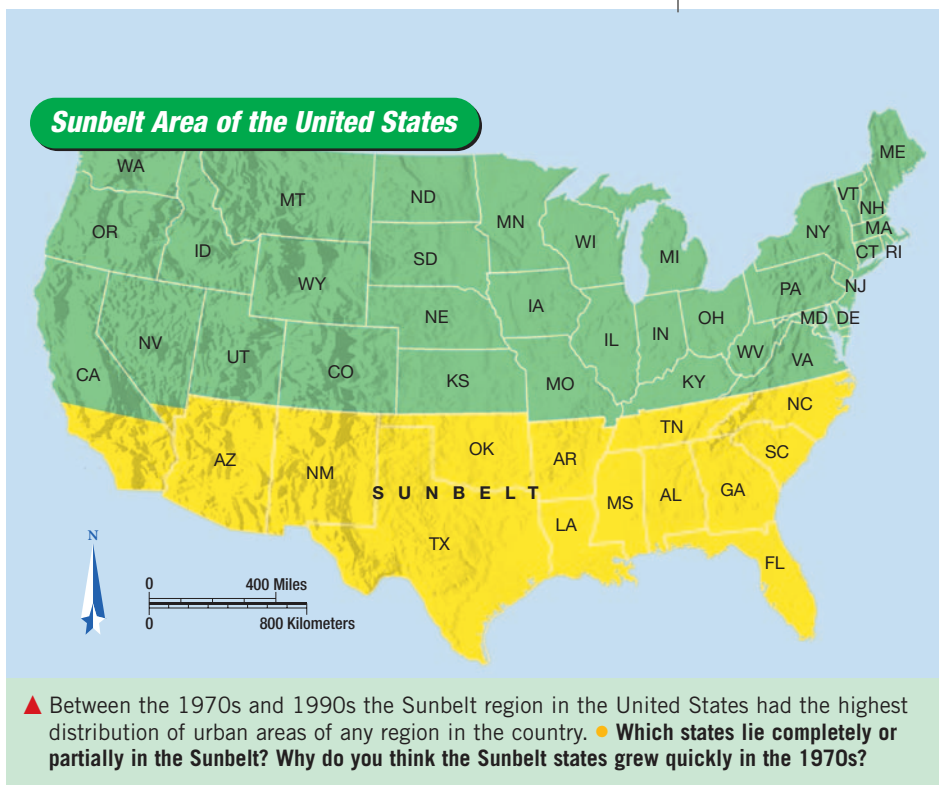
In the years before this embargo, the price of Texas **crude oil** on the world market had been about \$4 per barrel. However, with Texas oil in greater demand, the price of crude oil tripled. The second Texas oil boom had begun. New companies started up in Texas, and by the mid-1970s there were many jobs in the state.



Bumper stickers from the boom years

Swarming to the Sunbelt

Soon people from all parts of the country and the world came to Texas looking for better jobs and better lives. Many appeared to agree



with former governor John Connally that “there’s no better place than Texas to start over.” Besides its booming economy, Texas benefited from its location in the Sunbelt. With prices of home heating oil and other forms of energy at all-time highs, people were drawn by the Sunbelt’s mild winters. Also, the automobile and steel industries in the North were laying off thousands of workers. Many moved to Texas to find work.

The population of Texas grew rapidly. In 1970 the state had 11 million residents. By 1975 another 1.5 million people had come to Texas. By 1980, 3 million more people lived in the Lone Star State.

The oil embargo of 1973–1974 also led to efforts to conserve energy. Automobile manufacturers began making more fuel-efficient cars, and the U.S. Congress imposed a 55-mile-per-hour speed limit to save gas. Americans also adjusted their thermostats at home.

Texas Enjoys an Industrial Boom

The energy crisis took its toll on U.S. industry. But while industries in the Northeast and the Midwest were failing, industries in Texas grew. Other industries were important, too. By the late 1980s only three states employed more electronics workers than Texas. Businesses rushed to meet new demands for clothing, food, entertainment, and luxury items. The construction and real estate industries also boomed, supplying homes, schools, and shopping centers for all the new Texans.

Banks also hurried to the state to supply loans and other financial services to the oil industry and other Texas businesses. National banks opened branches in many Texas cities. By 1986 banking assets in the state were around \$196 billion.

All this activity, however, strained state resources to the limit. With more Texans using water, gas, electricity, and other services, state and local governments struggled to keep pace with the demand.

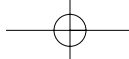


To the Arts

During the 1970s and 1980s, as young adults came to Texas to find work, the state became home to a growing music industry. Willie Nelson’s “progressive country” was one of many Texas musical forms that crossed the traditional boundaries of blues, gospel, jazz, rock, folk, country, and Tejano music. Janis Joplin, Stevie Ray Vaughan, Flaco Jimenez, Freddie Fender, and many other Texas artists became known across the nation. *Austin City Limits*, a show on public television, broadcast live Texas music nationwide. Events such as the Kerrville Folk Festival, the Tejano-Conjunto Music Festival in San Antonio, and the South-by-Southwest music festival and conference have helped familiarize people from around the world with Texas music. ● Why is Texas well placed to blend musical traditions?



Willie Nelson



- Farmers in West Texas depend on water from reservoirs and aquifers to irrigate their crops. Unfortunately, more water is being removed from these sources than is being replaced through precipitation. • **What other natural forces affect Texas farmers?**



Agriculture: A Changing Way of Life

Texas's growing urban population had another important effect on the economy. Agriculture experienced huge growth as Texans used more food products. However, since World War II large commercial farms and ranches had been replacing smaller farms and ranches. Between 1945 and 1990 the farm population in Texas dropped from 1.5 million to 250,000. In 1990 only about 10 percent of the state's farms earned 80 percent of the state's farm income. In short, farming in Texas had become big business, and agribusiness had replaced the small family farm. Agribusiness was increasingly dependent on the banking industry. It also depended on new federal programs to remove some land from production in order to keep prices high and conserve the soil.


Of course, natural forces still affected Texas farms. Too little rain, too much rain, insects, and disease could ruin crops. Also, sudden drops in temperatures could freeze citrus fruits, destroying a whole season's crop for South Texas farmers. This happened four times between 1950 and 1990.

Much Texas agriculture, especially on the High Plains, depended on irrigation. During the 1970s and 1980s high energy costs made irrigation costly. Dwindling water supplies and shrinking reserves in the huge Ogallala Aquifer worried farmers. Texas farmers began to use better methods of irrigating the land to conserve water.

Farmers and Ranchers Diversify

In the 1970s and 1980s Texas farmers and ranchers found new products and new markets around the world. The state Department of Agriculture advised farmers of the best ways to plan, grow, finance, and market their crops. As a result, even though cities in Texas continued to grow, agriculture remained an important part of the state's economy.


In the late 1960s, farmers and ranchers devised a new strategy. Instead of selling grain on the market, they built huge feed lots where they fed the grain directly to cattle to fatten them for market. This change greatly increased farm income.



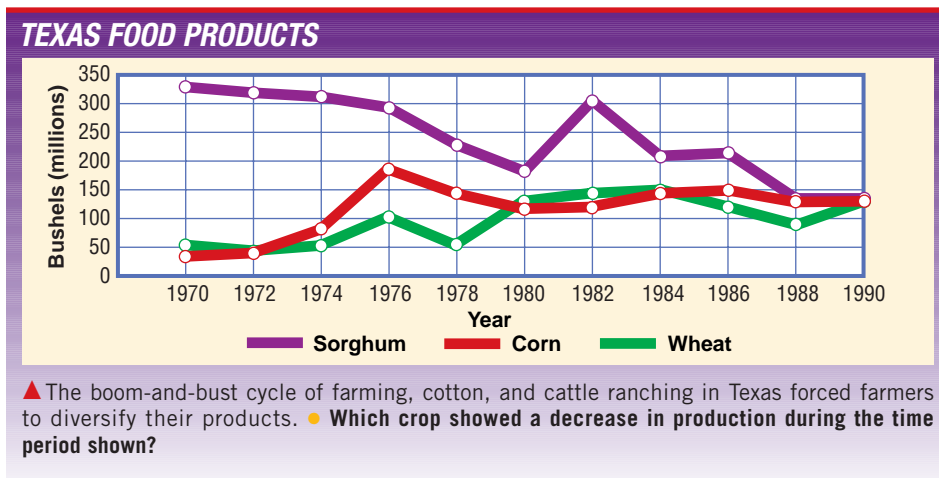
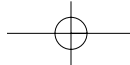
IN THIS LAND OF OURS

HUMAN-ENVIRONMENT RELATIONSHIPS

The Ogallala Aquifer is the main source of water for the Texas Panhandle, extending under 46 counties. It is the largest groundwater source in North America. It extends from South Dakota into Texas. In Texas, approximately 95 percent of the water from the Ogallala is used for irrigation. Because the aquifer is so important to the region, special conservation organizations are helping farmers learn to safeguard their water resources.



Ogallala Aquifer



When a 1973 trade agreement with the Soviet Union raised the price of sorghum—an important cattle feed—Texas ranchers began using corn. New types of corn developed by researchers increased the crop yield. Researchers also pioneered new uses for corn, such as an additive for fuel.

Cotton remained an important source of income. However, the farming industry began to **diversify**. Conditions that hurt one crop might not hurt another, reducing some of the risk of farming. Many Texas farmers began growing commercial vegetables, sunflowers (for oil), and sugar beets. New varieties of seeds allowed farmers to grow soybeans, sugarcane, and peanuts in more parts of the state. Pecan orchards expanded into 30 counties of Central Texas. Since the 1970s the growth of vineyards has led to a developing wine industry.

The livestock industry also expanded and diversified. The number of dairy farms grew, and sheep and goat ranchers in Central Texas produced wool and mohair. Egg, poultry, and hog production spread to new areas. A few Texas ranchers even began to raise exotic animals such as emu, ostrich, and buffalo.

diversify to increase the variety of products

▼ Some Texas ranchers now raise buffalo, such as the calves shown below, for their meat, which is lower in fat than beef. ● What are some reasons a rancher might want to diversify?



SECTION 1 ASSESSMENT

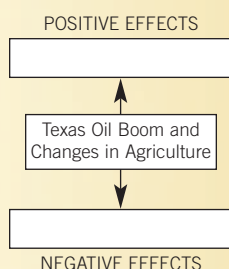
Terms & Names

Identify:

- OPEC
- embargo
- crude oil
- Sunbelt
- diversify

Organizing Information

Use a diagram like the one shown to identify positive and negative effects of the Texas oil boom and other economic trends beginning in the 1970s.



What can you conclude about Texas's economy during the 1970s?

Critical Thinking

1. Why did the Texas oil industry begin to boom again in the 1970s?
2. What other industries boomed along with oil? Why?
3. What role did oil prices play in fueling Texas's economic boom of the 1970s?
4. How did agriculture in Texas change in the 1970s and 1980s?

Interact with History

Review your response to *Interact with History* in your Texas Notebook. Imagine it is 1975. Write a formal memo explaining to your employees why your company will be moving to Texas.

ACTIVITY

Economics

In small groups, research the boom-and-bust cycle of oil and gas, farming, cotton, banking, cattle ranching, real estate, or another Texas industry in the late 1900s. Create a poster showing the results.



Go to www.celebratingtexas.com to research the Activity topic.



TALES OF *Texas*

Red Adair, Wild Oil-Well Firefighter



Debbie Denison, *Who Ya Gonna Call . . . Red Adair*

Red Adair is a Texas legend. His skill and heroism in fighting oil fires around the world have inspired stories, awards, and a movie, *Hellfighters*, which starred John Wayne.

Paul N. “Red” Adair was born in 1915 in Houston and raised in the Heights neighborhood. His father was a blacksmith, and young Red probably watched his father working over a hot fire.

Adair quit high school to help support his family. He worked at several jobs before finding work in the oil fields in 1938. At the end of World War II, he served in Japan finding and disarming unexploded bombs. After returning home he worked for Myron Kinley, an experienced fighter of wild oil-well fires.

In 1959 Adair formed his own company that fought oil-well fires. He worked hard and thrived on the challenge. He showed leadership and courage, often risking his life to save others. He

also helped develop new techniques and equipment, especially for offshore fires. He learned to cap wild wells quickly so fires would not restart and cause injuries.

In 1962 Adair became known worldwide when he put out a fire in the Sahara called the Devil’s Cigarette Lighter, which had been burning for six months. Adair’s team controlled hundreds of fires from Rio de Janeiro to the North Sea over a 35 year period.

In 1991 the Iraqi army started hundreds of oil fires as they withdrew from Kuwait at the end of the Gulf War. Fueled by a rich supply of oil, the fires raged across the desert, threatening the environment of the entire hemisphere. Adair’s team went to Kuwait and found no equipment or water to battle the flames.

Adair flew to Washington and persuaded President George Bush to send the equipment needed. Pipelines normally used to carry oil to the Persian Gulf were converted to pump water back to the oil fields. In eight months the fires were out and all of Red’s crew returned safely home. Red Adair had helped save the world from environmental disaster.



Red Adair

LINKING TO HISTORY

Research information about another heroic figure from the 1970s and 1980s. In your Texas Notebook, write the story of this person’s accomplishments. Emphasize the ways in which the person showed courage and heroism.

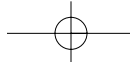


Go to www.celebratingtexas.com to research this topic.

LINKING TO TODAY

Research the oil industry in Texas today. Then use your findings to write a report comparing the impact of the oil industry on life in Texas during the 1970s and 1980s with its impact today.





SECTION



Effects of the Boom

Why It Matters Now

Texas is one of the most populous and diverse states in the nation today largely because of the oil boom of the 1970s.

TERMS & NAMES

Immigration Reform and Control Act, **amnesty**, *maquiladoras*, *colonias*, **bilingual education**, MALDEF, “Robin Hood” plan

OBJECTIVES

1. Explain why immigrant groups came to Texas and where they settled.
2. Analyze how immigration and migration to Texas in the twentieth century has influenced Texas.
3. Analyze the effects of the growing population in Texas during the twentieth century.

MAIN IDEA

As the oil boom continued, thousands of workers flooded Texas in search of jobs. Important public services struggled to keep up. Also, Texas colleges and universities grew and became more diverse, and the state’s prison system required reform.

INTERACT WITH HISTORY

Imagine that you have been elected to the Texas Senate. You represent people in both rich and poor school districts. Schools in the poor districts you represent cannot afford computer labs, athletic equipment, or even air conditioning. Schools in the rich districts you represent can afford all these things. Many residents of the rich districts feel that they should not have to send some of their money to poor districts. Both sides want you to support their way of thinking. Should you vote to share money between rich and poor districts?

WHAT Would You Do?

Write your response to *Interact with History* in your *Texas Notebook*.



“Gone to Texas”

In response to Texas’s booming economy during the 1970s, people flocked to the state. Most came looking for jobs in the petroleum industry. Others came seeking work in service industries, technology, and health-related fields. The state’s population increased by about 3 million residents from 1970 to 1980.

Cities also grew and changed. The state’s three largest cities—Houston, Dallas, and San Antonio—attracted thousands of workers in the 1970s and 1980s. The need for housing, services, and quality education in these areas became a major concern. So did the need to improve air quality and transportation. Texas struggled to meet the challenges of growth.

Immigration Issues of the 1970s and 1980s

During the late 1970s and early 1980s, illegal immigration from Mexico became a big problem. In response, the U.S. Congress enacted the Immigration Reform and Control Act (IRCA) in 1986. This measure offered **amnesty** to immigrant workers who had illegally entered the

amnesty a general pardon granted to a large group of individuals



Highway sign warning drivers to watch for people crossing the border on foot



▲ Population mushroomed on both sides of the Rio Grande in the 1970s and 1980s. ● **Why did so many people move to the area?**

United States before January 1, 1982, and had lived here continuously since that time. Many unauthorized workers in Texas chose to become legal citizens under this law.

The Mexican government also took steps to reduce illegal immigration into Texas a process first begun in the 1960s. It promoted the establishment of *maquiladoras*, or U.S. assembly plants located just south of the border. These plants hired Mexican workers to assemble electronics, toys, clothes, and

auto parts. Workers at the *maquiladoras* earned salaries that were lower than those of U.S. workers but higher than those of other workers in Mexico. The low labor costs were popular with U.S. firms.

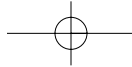
Maquiladoras along Mexico's northern border encouraged trade between Mexico and the United States. These factories benefited the economies of cities located on the border, such as El Paso, Laredo, and Brownsville. Increased trade created a boom in retail business, warehousing, and distribution, and it caused populations to grow in counties along the Texas-Mexico border. However, because environmental standards are lower in Mexico, Texans have had to cope with pollution coming from the plants as well as other problems.

The Colonias

Because of housing shortages and lack of income, thousand of poor Mexican Texans and immigrants bought lots and built houses on land outside city limits. These *colonias*, or colonies, received no services such as water, sewage, or trash collection and had no building codes. By 1989 an estimated 28,000 people in *colonias* near El Paso had no water, and 53,000 more lacked adequate sewage treatment. The *colonias* were polluted, and serious diseases were common. The residents could not afford to pay to have sewer and water lines built to their homes, and cities would not pay to extend them beyond the city limits. Although state and local governments have tackled these problems, they are not yet solved.

▶ The *colonias* sprang up beyond the reach of city services. ● **Why was it urgent for Texas to address problems such as lack of clean water and sewage facilities?**





A Growing Need for Health Care

The rise in population caused a greater need for state services. Medical and health-care services were in short supply. Medical costs also rose sharply. Many Texans found it impossible to pay for the care they needed. To answer this need, the legislature passed a bill in 1985 requiring hospitals to treat anyone needing emergency services—including those without medical insurance. State and university hospital systems grew to meet the need for health care. The Texas Medical Center in Houston soon became known around the world for its advanced medical technology.

Funding Public Education

As families moved from other states and countries to Texas to take advantage of the oil boom, public schools tried to address the growing needs of students. In 1970 Texas began desegregating schools in response to a federal court order. In 1973 the state also began providing **bilingual education** programs for students whose first language was Spanish. The state offered some funding for new students and new programs. Texas teachers, however, continued to earn lower salaries than did teachers in several other states. Also, relatively few programs were available to help students with special needs.

Also at issue was how education funds were spread throughout the state. In 1984 the Mexican American Legal Defense and Educational Fund (MALDEF) challenged how the state funded education. Less money was spent on students in poor school districts than on students in wealthier districts. Because most Mexican American children were in poorer districts, MALDEF charged, these students were being denied an equal education. In 1989 the Texas Supreme Court agreed.

Several times, the legislature passed laws increasing funding to poorer school districts, but each time, the court found problems with the laws. Texas governor Ann Richards signed into law a so-called Robin Hood plan in 1993 that was accepted by the court. Nicknamed “Robin Hood” because it took funds from wealthy districts and gave them to poorer districts, the plan was unpopular with many Texans. But the state legislature found it difficult to come up with a better solution that would be accepted by the court.

bilingual education *a program that teaches students in their first language until they are competent in English*

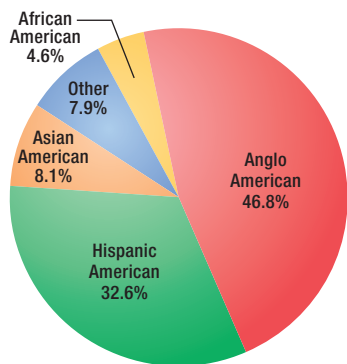


◀ Many large Texas schools, such as Porter Middle School in Austin, are so overcrowded that portable buildings are used for classrooms. ● **How do you think overcrowding in schools affects students?**



To Mathematics

The University of Texas (UT) is made up of 15 campuses: 9 academic institutions and 6 health institutions. Today, more than 153,000 students attend the UT system. In fall 2000, about 54 percent of these students were female. The Austin campus enrolls close to 50,000 students, making it one of the largest universities in the nation. • **Look at the graph below. Approximately how many Hispanic students were enrolled in UT in fall 2000?**



Expanding Colleges and Universities

Meanwhile business and industry were demanding more college-educated workers. To help meet this demand, the University of Texas and Texas A&M University set up more campuses across the state and offered more courses. Many other four-year colleges also grew, opening more branches in smaller towns and cities throughout the state. Many community colleges opened to help students prepare for the workplace and to serve as a bridge between high school and a four-year college.

The student body changed as well. More women and minorities applied to Texas colleges and universities. Groups such as MALDEF and LULAC continued to press colleges and universities to increase minority enrollment. They also encouraged them to locate in areas of the state with large minority communities, such as the Rio Grande Valley. As a result, thousands more people attended college, making Texas colleges and universities much more diverse.

Improving Texas Prisons

As the population grew, the crime rate rose, and more criminals were jailed. The Texas prison system was soon overcrowded. In 1972 a state prisoner sued Texas in federal court because of overcrowding and poor conditions. The state was ordered to end overcrowding and brutality in its prisons and to provide better medical and health services for inmates. Texas began making improvements, but the problem was immense. In the 1980s the state legislature provided funds to build new prisons and to update older ones. However, Texas leaders continue to struggle with the costs of housing criminals and reducing crime.

SECTION 2 ASSESSMENT

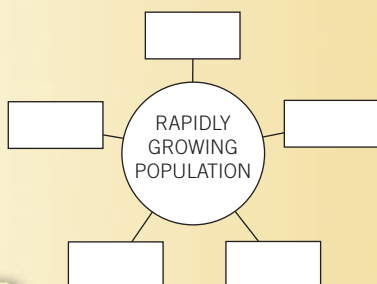
Terms & Names

Identify:

- Immigration Reform and Control Act
- amnesty
- *maquiladoras*
- *colonias*
- bilingual education
- MALDEF
- Robin Hood Plan

Organizing Information

Use a cluster diagram like the one shown to identify at least five ways that population growth has affected life in Texas.



For each negative effect you list, explain how Texas has attempted to solve that problem.

Critical Thinking

1. Why did thousands of immigrants come to Texas in the 1970s and 1980s? Generally speaking, where did they settle?
2. As the population of Texas grew during the oil boom, what challenges did the state face?

3. What new types of jobs do you think were created in the fastest-growing areas of Texas?

Interact with History

Review *Interact with History* on page 543. In your Texas Notebook, explain problems associated with evenly distributing funding to all schools.

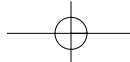


Go to www.celebratingtexas.com to research the Activity topic.

ACTIVITY

Economics

Research how the Texas state budget is spent. Create a circle graph of major expense categories. As a class, discuss the pros and cons of expanding spending on health care, education, and prisons.



Distinguishing Fact from Opinion

LEARNING *the Skill*

You might have heard the expression “Don’t trust everything you read in the papers.” This saying warns against accepting what might be a personal opinion as a statement of fact. To get an accurate view of current and past events, it is important to be able to distinguish fact from opinion.

A fact is a statement that can be proved or observed. An opinion expresses the author’s personal beliefs and preferences. Although an opinion can’t be proved, it can be supported by facts. To identify opinions, look for key words and phrases such as *I think*, *probably*, *may*, *might*, and *ought*. In addition, statements of opinion often contain superlatives such as *best*, *worst*, and *greatest*, as well as generalizations.

To distinguish fact from opinion, use the following steps:

- Identify facts by looking for statements containing information that can be proved, such as specific names, places, events, dates, and times.
- Verify the accuracy of these facts by checking reliable sources, including almanacs, encyclopedias, or state and federal government Web sites.
- Identify statements of opinion by looking for words that express emotions, beliefs, or preferences.
- Identify the author’s background and purpose. Does the author seek to inform, persuade, or entertain the audience? How might the author’s motive influence his or her writing?

PRACTICING *the Skill*

Read the following statements on bilingual education from Linda Chávez and James Lyons. Then use the steps in *Learning the Skill* and the questions that follow to distinguish fact from opinion.

It’s time for federal and state legislators to overhaul this misbegotten program. The best policy for children—and for the country—is to teach English to immigrant children as quickly as possible. American-born Hispanics, who now make up more than half of all bilingual students, should be taught in English.

Linda Chávez,
“One Nation, One Common Language”

The most important lesson history provides us is that English-only instruction does not work. It is a myth that previous generations of immigrants quickly learned English and prospered in America. . . . In 1910, 15% of the foreign-born population aged 10 and over was unable to speak English; in 1990, that figure was only 4.2% of persons 10 years and over.

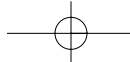
James Lyons,
National Association for Bilingual Education

1. Restate the facts in each paragraph that can be checked for accuracy.
2. List words and phrases in each paragraph that indicate the speaker’s opinion.
3. Summarize each speaker’s point of view on bilingual education policies in the United States.

APPLYING *the Skill*

Find editorials on bilingual education or interview a teacher about the topic. List the statements of fact and the opinions expressed in each article or interview. Use reliable sources to check the accuracy of the statements. Include your findings in a one-page opinion paper on bilingual education in your Texas Notebook.





SECTION



Texans Endure an Economic Crunch

Why It Matters Now

Because of the lessons learned in the 1980s, Texas no longer is dependent on a single industry for its economic future.

TERMS & NAMES

oil crash, **savings and loan association**, high-tech industries, tourism

OBJECTIVES

1. Analyze the impact of international events on the production of goods in Texas.
2. Trace the boom-and-bust cycle of banking and real estate in the second half of the twentieth century.
3. Identify the leadership qualities of Texas business and political leaders in the second half of the twentieth century.

MAIN IDEA

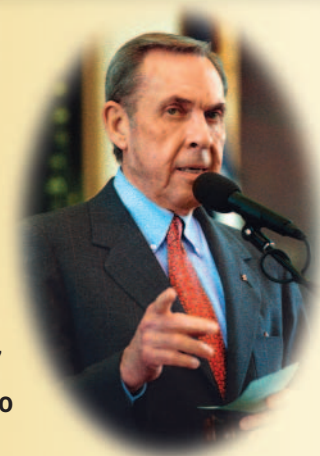
The collapse of oil prices brought an end to the oil boom in Texas. Texas business and political leaders began building other industries. Texas became a thriving center for technology, tourism, and other industries.

A REAL-LIFE STORY

As the saying goes, “All good things must come to an end,” and the Texas oil boom was no different. In the mid- to late 1980s, hundreds of oil-related businesses closed, leaving many Texans without jobs. With fewer people paying taxes, it wasn’t long until the state itself was broke. It was Bob Bullock’s job as state comptroller to oversee the state’s finances. In a 1987 speech to the state legislature, he used humor to sum up the state’s desperate financial situation.

The last time [1986] you invited me to speak, you asked me to talk about money. I said at the time that I could make the shortest talk in legislative history: you didn’t have any. Today, I would say you have even less.

State comptroller
Bob Bullock



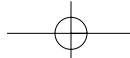
State comptroller Bob Bullock,
speech to the Texas legislature, 1987

In this section, you will read about the far-reaching impact of the oil crash of the 1980s. You also will learn how Texas changed its economy to avoid this type of hardship in the future.

The End of the Oil Boom

At the beginning of the 1980s, Texas truly was an oil state. Thousands of Texas businesses and industries were linked to the booming petroleum industry. Oil was, in effect, the financial base of the whole Texas economy. However, a big change was on the way.

Because of high oil prices around the world, consumers everywhere were learning to use less gas in their cars, less oil in their homes, and fewer



- ◀ High oil prices in the 1970s and 1980s taught consumers to conserve gas. Automakers responded by producing smaller, more fuel-efficient cars. • **How difficult would it be to go from driving a big, powerful car to a small car?**

petroleum-based products in their day-to-day lives. This decreased the demand for oil, including Texas oil. At the same time, OPEC decided to produce more oil for the world market. The decline in use and increase in production created a surplus of oil.

Oil prices dropped from \$39 per barrel in 1981 to \$10 a barrel in 1986. Texas oil producers had to sell their oil for about \$15 per barrel to break even. This bust, or sudden drop, meant they lost money on every barrel of oil sold—a disaster for the Texas economy.

Feeling the Worst of the Crash

Due to the bust in the oil industry, many related businesses closed. Workers left to find jobs in other states. Suddenly homes were left empty and mortgages went unpaid. Storefronts were boarded up. Schools lost students and cities lost tax dollars.

Houston was hit especially hard by the crash, and not only in the oil field business. It also had developed multimillion-dollar refining and shipping industries based on oil production. Thousands of workers lost their jobs, and area oil producers, shippers, and refiners lost fortunes in profits. Houston suffered one of the worst economic slumps in its history. As the state's economy grew worse, one thing became clear: Texas had become too dependent on the unpredictable petroleum industry. To steady the state's economy, Texas business and industry would have to diversify.



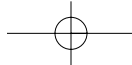
- ▲ The crash of the Texas economy forced many residents to leave their homes and businesses to find work outside of the state. • **How did the movement of workers out of Texas affect the state economy?**

Banks and Savings and Loans

In the 1970s banking was a booming industry in Texas. It was strong enough to support the growth of many other businesses. When the price of oil dropped, however, banking also suffered. Banks had lent money to oil-based businesses, which were now losing money. By the late 1980s, seven of the ten largest commercial banks in Texas had gone out of business.

With the economy collapsing, fewer people were buying real estate for new homes and businesses. When real estate prices dropped, more banks and **savings and loan associations** failed. Many of these institutions had made extremely risky loans and investments, counting on rising oil prices for future profits. When the oil industry went under, so did they. In the ten-year period from 1980 to 1990, Texas lost 200 savings and loan associations.

savings and loan association
a financial institution that uses funds in savings accounts to make loans, usually for mortgages



THEN & NOW



Oil industry workers



High-tech workers

NEW INDUSTRIES In the 1970s and early 1980s Texas's main industry was the oil business. In fact, in 1983, the oil and gas industry accounted for 28 percent of the state's tax revenues. However, between 1982 and 1994 the oil bust caused the loss of about 33 percent of jobs in the oil and gas industry. By 1993 the petroleum industry was contributing only 7 percent of state tax revenues. The oil bust threw the state's economy into turmoil, forcing Texas to look to other industries for revenue to support its sagging economy. Growth in the high-tech industry helped give Texas a much-needed financial boost. By the end of the 1990s, about 25 percent of all Texas manufacturing jobs were in the computer and electronics industries. Although the petroleum industry has improved since the oil bust, the high-tech industry remains an important part of the Texas economy. • **Besides producing consumer goods, in what other ways do you think the high-tech industry has helped the Texas economy?**

Overall, the state's banking industry lost nearly \$40 billion in resources during the late 1980s. But the losses weren't limited to Texas. The federal government paid billions of dollars to people with savings accounts insured by the federal government as well as to investors who lost their money in failed banks and savings and loans.



Michael Dell

At 12 years of age, Michael Dell ran his own mail-order trading stamp business. At 16, he sold newspaper subscriptions for the *Houston Post*. Then in 1984, 18-year-old Dell took \$1,000 and turned a teenage hobby of building computers into a business selling personal computers by telephone. The company's sales totaled \$6 million the first year. By 2000, Dell Computer Corporation, a multibillion dollar company, had thousands of employees in offices around the world. • **What qualities shown by Dell in his early years do you think may have contributed to his success?**



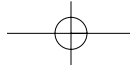
Creating a More Diverse Economy

State leaders knew that something had to be done to bring Texas out of its economic slump. Despite the decline of the oil industry, the state still had much to offer. Its pleasant winters appealed to industries from the Northeast. It had a wealth of natural resources. It also had a large pool of skilled and semi-skilled workers. And it had many colleges and universities ready to turn out an educated workforce. Finally, the state has no income tax, so individuals and corporations pay less in taxes.

Texas leaders stressed all of these benefits to outside industries to persuade them to move to the state. Soon a number of businesses unrelated to the oil industry were calling Texas home. High-tech industries, which had first come to the state in the 1950s, began to grow, and new companies moved in. Companies such as Motorola, Tracor, Sematech, and Dell Computers made Austin a center for telecommunications and computer-related industries. The Dallas/Fort Worth area, long known for its aircraft industry, expanded into electronics, communications, and technology. Many service industries also moved into the state to take advantage of cheap labor. Once again, workers from all parts of the world began seeking jobs in Texas and moving to the state.

Attracting Tourism Dollars

Not long ago, Texas was thought to be little more than oil, deserts, and ranch hands. By the middle of the twentieth century,



relatively few tourists had actually experienced the hill country, plains, mountains, or coast. For years the state's dense pine forests, ancient live oaks, sandy beaches, and man-made lakes remained a secret.

The state tourism bureau wanted to change people's attitudes about Texas. It began recruiting visitors with the slogan "Texas for a World of Difference." With the help of other state agencies such as the Texas State Historical Commission and the Texas Parks and Wildlife Department, the bureau praised the state's historic and natural riches.

Soon visitors were making their way to San Antonio to see the Alamo, which became one of the country's most popular historical sites. In 1978 the San Antonio Missions National Historical Park was established. Those who enjoyed history visited sites that honored Presidents Dwight D. Eisenhower and Lyndon B. Johnson.

Some of Texas's finest natural wonders became state parks and preserves during the 1970s and 1980s, including Big Bend Ranch, Pedernales Falls, and Seminole Canyon. The wooded beauty of the Big Thicket in East Texas became a national preserve, and Guadalupe Mountains National Park opened to the public. Hotels, restaurants, and convention centers were developed throughout the state. Amusement and theme parks also drew visitors.

In 1950 tourism was Texas's fifth largest industry. By 1990 it had increased to second. With millions of tourists visiting each year and many different industries popping up throughout the state, tourism had helped Texas successfully diversify its economy. Once again, Texans could proudly claim that their state was a great place to live and do business.



HemisFair '68

HemisFair '68, held in San Antonio, commemorated Texas's history and its cultural diversity. It helped create San Antonio's increase in tourism in the 1970s. It also celebrated the state's Hispanic roots. More than 30 nations and 6.3 million visitors took part in the world's fair. Some of the structures built for the fair, such as the Tower of the Americas and the Institute of Texan Cultures, remain today.

● **How do you think HemisFair '68 benefited the economy and citizens of San Antonio?**



SECTION 3 ASSESSMENT

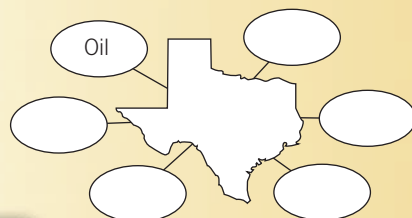
Terms & Names

Identify:

- oil crash
- savings and loan association
- high-tech industries
- tourism

Organizing Information

Use a diagram like the one shown to describe how Texas has diversified its economy in recent decades. Identify at least one Texas industry—other than oil—for each of the empty circles below.



What is the relationship between a diversified economy and a more urban Texas?

Critical Thinking

1. How did international events cause the Texas oil industry to go bust in the 1980s?
2. Besides oil, what other industry went bust in Texas in the 1980s? How did this affect the Texas economy? the U.S. economy?

3. How have geographical factors helped Texas diversify its economy?

A Real-Life Story

Review *A Real-Life Story* on page 548. Imagine you are the state comptroller today. The state legislature has asked you to give a speech about the Texas economy. Summarize the state of the economy in a few humorous sentences.

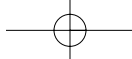
ACTIVITY

Economics

In small groups, list types of tourist attractions, such as state parks. Have each group member research Texas attractions of one type. Compile the information into a database.



Go to www.celebratingtexas.com to research the Activity topic.

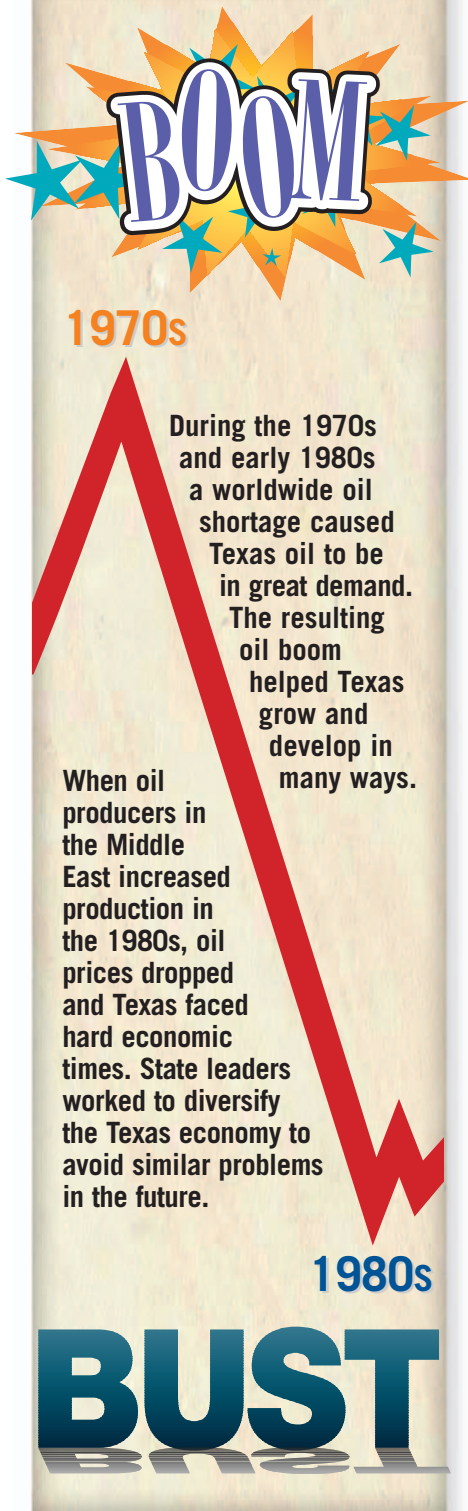


CHAPTER



ASSESSMENT

VISUAL Summary



TERMS & NAMES

Explain the significance of each of the following:

1. OPEC
2. Sunbelt
3. Immigration Reform and Control Act
4. *maquiladoras*
5. *colonias*
6. MALDEF
7. Robin Hood plan
8. oil crash
9. high-tech industries
10. tourism

REVIEW QUESTIONS

An Economic Boom (pages 538–541)

1. How was oil used as a political weapon in the 1970s?
2. How did the Department of Agriculture help farmers in the 1970s?

Effects of the Boom (pages 543–546)

3. What did the Immigration Reform and Control Act of 1986 do for illegal immigrants in the United States?
4. Why do you think the crime rate in Texas increased even though the economy was booming?

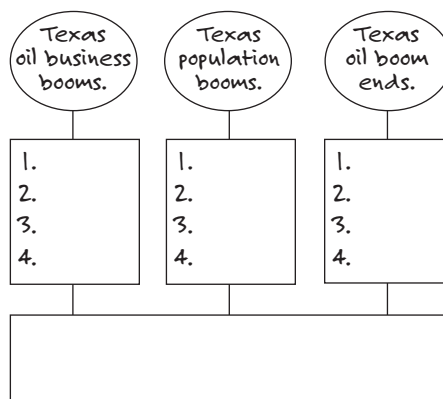
Texans Endure an Economic Crunch (pages 548–551)

5. What key Texas industries faced problems in the 1980s? How did Texas respond to the crisis?
6. What was one positive result of the oil crash of the 1980s?

READING SOCIAL STUDIES

After You Read

Review your completed chart. Which problems have been successfully addressed by state leaders? Which problems still challenge Texans today?



CRITICAL THINKING

Making Comparisons

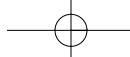
1. What other time period in Texas history can you compare with the oil boom of the 1970s?

Drawing Conclusions

2. Do you think bilingual education was an important addition to Texas schools in the 1970s? Why?

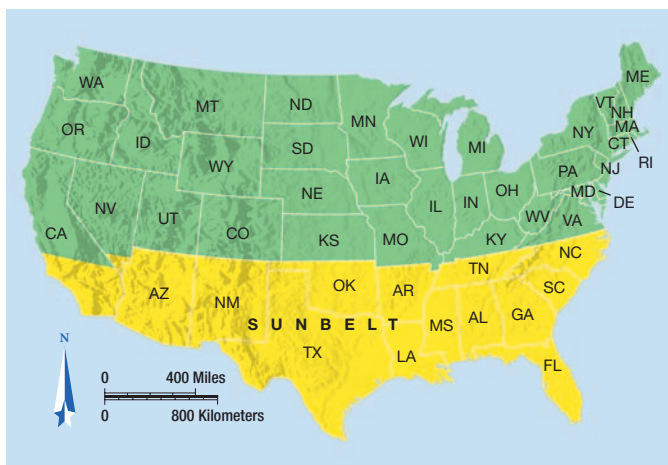
Comparing and Contrasting

3. How were Texas's economic problems in the 1980s similar to its economic problems during the Great Depression? How were these two situations different?



MAP & GEOGRAPHY SKILLS

Applying Skills



Besides being located in the Sunbelt, what other geographical benefits does Texas offer major industry?

SOCIAL STUDIES SKILLBUILDER

Distinguishing Fact from Opinion

Cultural changes present challenges for the future. New industries in Texas, people moving from place to place, and a rapidly growing population require special attention. Threats of pollution, crime, unemployment, and other problems [continue] in large Texas cities.

With the rising Texas population, basic city services become a challenge. Roads, solid waste disposal, water lines, sewer lines, and police and fire protection must be supplied. Buses help solve traffic problems in Texas cities. Large cities need community centers for recreation. When all of these challenges are met, the culture is improved. People feel safe in their neighborhoods.

Robyn Montana Turner, *Texas Traditions*

1. What facts are stated in the selection?
2. What opinions are stated?
3. What do you think is the writer's point of view about the future of Texas?



CHAPTER PROJECT

Creating a Tourist Map Tourism has become a major industry in Texas. Why might tourists want to visit your area of the state? Work together as a class to research tourist attractions in your city or region of Texas. Then create a tourist map showing where all these interesting attractions are located. Decide what style of map you will create and how you will highlight each tourist attraction. Be sure to include major landmarks, roads, highways, bodies of water, and other geographical features to make your map useful. When you have completed your map, display it in a classroom or hallway, or donate it to your local chamber of commerce.



SCIENCE, TECHNOLOGY & SOCIETY ACTIVITY

Preparing for a High-Tech Career

High-tech industries place great value on education at all levels. Why do you think this is true? Research or conduct an interview with someone who works in a high-tech industry. What school courses are important to specific high-tech fields? What types of skills do you need to work in a high-tech industry? What types of character traits are helpful? Share your findings as a class and create a chart listing the types of skills and character traits needed to excel in the field of high tech.



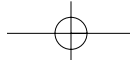
CITIZENSHIP ACTIVITY

Predicting Future Trends

Using the Internet and other resources, identify one recent Texas invention, discovery, or business development that you think will have a major impact on the state's economy in the future. Describe the invention, discovery, or development in detail. In addition, explain who or what is responsible and how it might affect the society, environment, and economy of Texas. Be sure to include visuals in your explanation. When you have completed your research, share your ideas as a class.



Go to www.celebratingtexas.com to research this topic.



Determining Point of View

LEARNING *the Skill*

This skillbuilder will help you answer TAKS questions about point of view. The point of view is the position from which a situation or event is evaluated. It is the angle from which a story is told.

Point of view as used in social studies refers to how your background and beliefs affect the way you see a person, event, or issue. As you read about various events in Texas history, you probably realized that each participant's point of view of the event was slightly different.

Just as your physical point of view changes as you change positions, your mental point of view might change as your experiences and beliefs change.

1 Farming	
2 Farmers	2 Agribusiness
3 From the farmers' point of view, farming was not profitable. Many farmers were unable to operate their farms without ongoing debt. They could make more money with jobs in industry.	3 From a business point of view, farming was very profitable. The large farming companies could operate farms more efficiently. As agribusiness grew, it created more food-products industries and profits continued to grow.

Determining Point of View

- 1 Identify a person, issue, or topic.
- 2 Identify the viewer(s).
- 3 Identify the point of view.

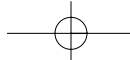
PRACTICING *the Skill*

Use your knowledge of point of view and your knowledge of social studies to answer the question. **Read the question and answer explanations that follow to help you answer the TAKS practice questions on the following page.**

In 1952 Governor Shivers and Texas attorney general Price Daniel organized a group known as Democrats for Eisenhower. Judge Ralph Yarborough strongly opposed these Democrats' support of a Republican and the splitting of the Democratic Party.

- 1 Yarborough's opposition was probably based on his belief that the Democrats for Eisenhower should have —

<p>A selected their own Democratic presidential candidate.</p> <p>B switched to the Republican Party.</p> <p>C remained loyal to the Democratic Party candidate.</p> <p>D protected their political careers by supporting a native Texan.</p>	<p>A Incorrect. There is no information to support this.</p> <p>B Incorrect. There is no information to support this.</p> <p>C Correct. Yarborough opposed splitting the Texas Democratic Party and felt Shivers and Daniel should support the Democratic Party candidate.</p> <p>D Incorrect. There is no information to support this.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



APPLYING *the Skill*

Use your understanding of point of view and your knowledge of social studies to answer the questions on this page.

House Bill 72

- Placed strict guidelines on teacher certification
- Gave more money to local school districts
- Made attendance rules stricter
- Required that students be tested regularly
- Established “no pass–no play” rule

- 1 “I believe that House Bill 72 is much too strict, especially in the area of passing grades and eligibility.” This quotation is based on the point of view that —
 - A high school athletes will play professional sports, so their grades are not important.
 - B high school athletes should be allowed to participate in sports regardless of their grades.
 - C high schools with good athletes will start losing football games.
 - D high school teachers should give all athletes passing grades.

- 2 Which part of House Bill 72 is probably based on the point of view that better qualified teachers could improve the quality of education in Texas?
 - F stricter attendance rules
 - G regular testing of all students
 - H stricter certification guidelines
 - J greater local control over budgets

- 3 In his 1964 State of the Union address, Lyndon Johnson said, “We must abolish not some, but all racial discrimination.” This quote expressed the point of view that —
 - A racial discrimination was not a problem in some parts of the country.
 - B racial discrimination did affect some ethnic groups.
 - C the United States should protect freedom of speech so people can talk about racial discrimination.
 - D no form of racial discrimination, including separate education facilities for some racial and ethnic students, is acceptable.

- 4 During the decades of the 1970s through the 1990s millions of people moved to Texas. A very popular bumper sticker during this period showed the skyline of Austin with “NO VACANCY” printed under it. Which group would be most likely to disagree with this point of view?
 - F teachers with more students in their classrooms
 - G people whose businesses were expanding
 - H commuters spending more time in traffic
 - J students trying to find housing

On your own paper, write brief answer explanations for the correct and incorrect answer choices on this page.