



Volume 40, Number 50

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Dear Client:

Well, this is it. The final edition of The Neal Spelce Austin Letter. It was precisely 40 years ago today that we began a weekly examination of the Austin area. This is edition number 2,000. Forty years, publishing 50 weeks a year beginning April 1, 1979 (we took a 2-week break each year). And those 2,000 issues totaled around 3 million words written about this remarkable city. For us, it seems to be a good time to move on to other exciting ventures, which we'll detail further in the newsletter. But for now, if you'll allow us, it's time for a bit of reflection.

In 1979, most major private newsletters, such as *The Kiplinger Washington Letter*, were four-pages of printed information snail-mailed to subscribers. So we followed suit. We converted to Internet distribution in 2000. However, many subscribers preferred a hard copy, and still do, so we designed the Internet version to print each edition in a 4-page format. It remained the same Austin-centric 4-page letter, but with the delivery system arriving at subscriber in-boxes each Friday morning, instead of depending upon postal service delivery that usually didn't arrive until the following Monday or Tuesday or whenever.

Long-time subscribers will recall the content has changed somewhat since the early days. Back then, there were very few sources of information that focused on Austin business and public affairs. **There was no *Austin Business Journal* and the business pages of the *Austin American-Statesman* were thin indeed.** So we focused on timely – even breaking – news developments. Eventually, the *Statesman* expanded its business-oriented coverage, and the Internet blossomed, creating a wealth of information for those who wanted to seek it out.

So we carefully moved to providing insight, analysis and perspective about what was happening, predicting trends and offering inside information. It turned out to be spot-on because, after all, we started covering news in Austin as a broadcast journalist in 1956, providing extensive experience and context that added unique depth to our weekly reports.

Ever wonder why our weekly notifications to subscribers listed each topic? It didn't just say, hey, click here to go to our website for this week's issue. Period. It was a nod to the change in attention spans and demanding personal schedules. **Even if the subscriber didn't have ten minutes at that moment to read the newsletter, the topics were laid out at a glance.** Our newsletter adapted as the Austin area began its amazing transformation. Check out a perspective on this in the next item.

It's hard to find anyone who isn't aware that the Austin area has changed in recent years – if not from personal observation -- from news reports, word of mouth or whatever. But what may *not* be known are the milestones along the way. And the trigger points, decisions that were made and actions that were taken. Let's provide some context and perspective.

Back in the 1950s, moves were made that laid the groundwork for what Austin is today. Oh sure, **Austin's population has about doubled every 20 years or so.** In other words, growth is not new. The *type* growth is what is significant.

Leaders from the Austin Chamber of Commerce (led by its executive **Vic Mathias**) and UTAustin (led by engineering prof **J. Neils Thompson**) were concerned that as Austin grew, homeowners were carrying an increasing share of the tax burden. **The two major economic engines for Austin – UTAustin and State government – contributed mightily to the area economy, but importantly they did not contribute to the property tax base.**

After all, the State Capitol building doesn't pay property taxes, nor do all the state office buildings. The same with UTAustin. Its buildings, the Tower, the stadium and athletic facilities do not pay property taxes. **Austin homeowners and businesses carry that tax burden.** And back then, the business base was small.

So those leaders determined they needed to attract bigger businesses to contribute to the property tax base. Austin's assets? The quality of life (environment, recreation, culture) and UTAustin were the biggest attractions. But the employee base was sparse. Many young people were leaving Austin because they couldn't find jobs upon graduation.

A concerted effort kicked off to seek clean industry. And the big fish in the pond to take the bait Austin offered was IBM -- at the time maybe the most well-regarded company in the US. IBM bought a huge site in North Austin to make, wait for it, Selectric typewriters. US businesses took notice. They wondered what IBM knew that they didn't. After all, IBM just didn't throw a dart at a map to make site selection decisions.

There were other businesses creating buzz about Austin. Tracor, founded by engineers to develop defense department products, was the first home-grown company to be listed on the New York Stock Exchange. Other important companies followed IBM to Austin. And IBM expanded its Austin operations from typewriters to tech.

But the biggest splash occurred in 1983, when after a public nationwide search, **Austin (with major support from UTAustin) was in a competition of 57 US cities in 27 states to become the home of tech consortium Microelectronics and Computer Corporation (MCC).** This was the catalyst that led the surge for Austin to become the global tech leader that it is today. There's more, but given this context, let's examine some takeaways in the next item.

A major takeaway from 40 years of writing each week about the Austin economy, is the unassailable understanding that UTAustin is the prime engine for the economy for the Austin area. And it will continue its impact in the foreseeable future. As we reported years ago, “If you want to stop growth in Austin, move The University of Texas to Amarillo!”

It’s not just the number of faculty, staff and students who spread dollars around the area. We mentioned **UTAustin was a key player when the tech surge took off** in 1983 with its role in landing MCC. But, goodness, look at the recent establishment of **UTAustin’s Dell Medical School and its growing influence in health care for the area**, as well as its economic impact. We could go on and on.

Consider UT’s role in the highly-acclaimed Austin workforce. **The top-rated, and substantially-funded, engineering, computer science, mathematics, etc. departments at UTAustin turn out supremely qualified grads.** And, they are instantly scarfed-up by the blue-ribbon tech firms that continue to expand in Austin. Other institutions such as the Austin Community College also turn out tech talent, but nothing of the magnitude of UTAustin.

Now let’s take a moment for some personal observations and reflections. There has been a sense of **community collaboration** when it comes to issues of importance, despite loudly-voiced political differences from time to time. Also, when conflict surfaces in the public discourse, there has also been an **underlying tolerance** that seems to set Austin apart.

No matter where Austinites fall on the political spectrum, nor where they stand on divisive issues, or even the debate over the best Barbecue or Breakfast Tacos, **there is a strong feeling that Austin is the best place for them to be.** And it has many times brought a smile, when things get a bit heated, to realize that **much of the heat is generated because of Austinites’ reverence for this place they call home.** It’s rare to find residents in many other cities who have such a sense of attachment to their hometown.

One of the personal pleasures we have derived is the **deadline discipline to sit down each week, look out the window, and think about Austin – what just happened, what is happening, what is likely to happen, and then try to make some sense of all things Austin.**

Introspectively, it’s kind of interesting that having **been trained and immersed in broadcast journalism off and on for decades, we turned to the printed word for the last 40 years.** But when you think about it, it’s all the same – just a different delivery mechanism.

As a result, we may have a few withdrawal pangs. **If so, we will probably scratch that itch by posting insights on Linked In.** Because there are some things that just cry out for context. But there is much more than that on our plate, as you will see in the next item.

So, what now Neal? First of all, we're not going anywhere. We'll continue our consulting obligations. And we're going to assist my wife, Connie, in her Austin real estate business. (After all, she has helped on the newsletter for years.) But drawing upon our deep involvement as a chronicler of Austin events since starting as a cub reporter in 1956, and our interaction with newsmakers of our time, we're in the midst of a major book project.

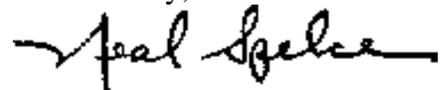
A book? What type of book? The flip answer to those who ask that question is a modification of the current Farmers Insurance TV commercial: **"It's about a thing or two. Because I've seen a thing or two."** **It's a memoir. It will be about interesting events and people (many of whom you will recognize).** But historians need not worry. The primary focus will be on little-known incidents, anecdotes if you will -- most of them previously unreported.

Obviously, the **remarkable recent rise of Austin as a significant global city** is an important part of the book. We're also recounting our personal involvement as **we reported live from the UT Austin campus, while bullets fired by a mass murderer from atop the Tower forever changed Austin, even the US.**

And LBJ? Oh yeah, LBJ. We were fortunate in any number of ways to be around Lyndon Johnson – from working at the family-owned local TV station, to traveling to Viet Nam with him, to chairing the opening of the LBJ Library (yes, we did get our butt chewed out by him, followed by high praise) **and we were around him during some very private moments.** It will all be in the book.

We'll also have a chapter possibly titled "Celebrities, Politicians and a Few Rascals" where we share personal anecdotes. Like when **George W. Bush and George H.W. Bush** and I spent a couple of hours – **just the three of us in a tiny bass boat.** Or anecdotes about **John McCain, Ann Richards, Sarah Palin, Lindsey Graham, John F. Kennedy, Cactus Pryor, John Connally, Frank Erwin, Ben Barnes, John Wayne, Gregory Peck, Lucille Ball, Bob Hope, George Burns, James Earl Jones, Charles Kuralt, Walter Cronkite, Bill Moyers, Dan Rather, Verne Lundquist, Muhammad Ali, Sylvester Stallone, Darrell Royal** and many more. **Dr. Louis Overholster** said he is glad I'm writing my memoirs, because my thoughts are like lightning – one flash and they're gone!" *We appreciate your support of this newsletter over the past 40 years. We hope you'll enjoy our book when it is published. Thank you!*

Sincerely,



Editor/Publisher