

THE

Neal Spelce

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Dear Client:

Some people think the Environmental Protection Agency's threat to cut off federal highway funds to Texas for noncompliance with air quality standards smacks of presidential politics.

The theory goes like this. The Clinton-Gore administration, anxious to make Governor **George W. Bush** look soft on the environment, is putting pressure on Texas regulators to adopt more stringent emissions controls for both industry (stationary point sources) and vehicles (on-road mobile sources). Gore supporters can then argue the EPA is forcing Governor Bush's appointees to the Texas Natural Resource Conservation Commission (TNRCC) to do something Governor Bush could or would not do: **clean up the air in Texas.**

The flip side of this theory is that the TNRCC's proposed rules for the Dallas-Fort Worth non-attainment area represent the **Governor's attempt to one-up the EPA** by requiring even more stringent controls than are federally mandated — drastic emissions reductions for industry and California Low Emission Vehicle standards for automobiles. Knowing that he can never out-Gore Gore on the environment, Governor Bush can at least neutralize the issue by getting tough on air pollution.

The truth probably lies somewhere in between these extreme views. Clearly, presidential politics are affecting the issue, both from the standpoint of EPA pressure and the level of the TNRCC's response. At the same time, however, EPA is hammering other states as well, including Arizona (could this be a coincidence?), Utah, and others. Moreover, ever since the Legislature killed centralized vehicle emissions testing in 1995, both state legislators and regulators have known EPA's hammer would fall on Texas sooner or later. And keep in mind **EPA has never cut off any state's highway funds.**

What has been most affected by the presidential race is the timing of the EPA's and TNRCC's moves. Otherwise, rules that generated this much controversy would never have been issued in an election year, and they would never have been made effective in the middle of a legislative session. **Something is clearly up, and the only common denominator is the impending Bush-Gore contest.** The question is, once that contest is decided, what will be the status of the new air quality standards for Texas' non-attainment areas. Will the Legislature weigh in with its own plan, or let the TNRCC run with rules certain to be unpopular back home?

High technology industries, some of which will grow explosively, will not necessarily produce the greatest number of jobs in Texas over the next ten years, according to the Office of State Comptroller. The business services sector will account for the greatest number of actual new jobs. Retail trade will account for the second largest number of jobs. And local governments will create the third highest number of jobs (two-thirds will be in school districts).

The future of the Texas -- and national -- economy may rest on how effectively businesses market their products in a rapidly diversifying, multicultural country and world.

Several weeks ago, we reported on projected population and demographic changes in Texas for the next three decades. The same phenomena -- **explosive growth in ethnic minority populations** coupled with vast increases in purchasing power within those populations -- is reflected nationally.

According to the University of Georgia's Selig Center for Economic Growth, by the year 2040 about 44.5% of the US population will be Hispanic, African-American, or Asian-American (the figure is 63.3% for Texas). At the same time, the **buying power** of these groups is substantially outpacing the national average.

Since 1990, while total US buying power has increased 56.7%, African-Americans have seen their buying power jump 72.9%, Hispanics 84.4%, and Asian-Americans a dramatic 102%. Minority groups now account for about \$1.15 trillion of the country's \$6.5 trillion in combined purchasing power -- and growing fast.

Clearly, **businesses must retool their marketing strategies** to meet the needs of a broad spectrum of culturally diverse consumers. However, mistakes and cultural gaffes can occur when businesses try to adapt "mainstream" advertising and marketing plans to different markets.

For example, when **Pope John Paul II** visited Miami in 1997, one industrious business owner printed thousands of t-shirts with the phrase, "Yo vi la Papa," hoping to sell them to Spanish-speaking consumers. The problem was, the shirts read "I saw the Potato" instead of "I saw the Pope!" Needless to say, not too many t-shirts were sold that day.

"When conceptualizing media campaigns, we never assume the tactics used to market to a general population will work in a multicultural context," says **Kevin Tuerff** President of EnviroMedia, an Austin PR/Advertising firm. "From now on, marketing strategies must account for subtle differences in language, cultural customs, and consumer expectations."

Embracing diversity is not just a political and moral issue, but an economic one. Those who lag behind simply will not be able to survive in this brave, new, world.

Are you confused about DSL, MMDS, cable modem, or “always on” Internet hook-up? If so, you’re not alone. Central Texans are being bombarded from all sides with ads from a variety of companies proclaiming to be “the fastest, the best, the least expensive” etc.

The Texas House State Affairs Committee and the Public Utility Commission are also having difficulty deciding what rules govern these quickly changing media. In fact, new technology has emerged so quickly the PUC doesn’t know whether to **regulate platforms** (voice, low-speed data, video delivery or broadband data) **or products** (cable, telecom or wireless).

Some telephone companies view the cable industry as a major competitor for two reasons: cable modem and Time Warner’s tight relationship with Road Runner, an Internet service provider. Cable has 3.8 million Texas subscribers, who could potentially switch from telephone modem service to the faster, “always on” cable service.

Consequently, during the 1999 legislative session, the telephone industry asked lawmakers and regulators to **extend regulation to the cable industry**, which is essentially unregulated at the state and federal levels. The phones argued that it was unfair to regulate them and not cable companies providing the same service.

Since last spring, however, Southwestern Bell has developed DSL, a competitor to cable modem. Bell is in the midst of “Project Pronto”, a national marketing campaign for its DSL service.

Suddenly, cable regulation may not be as pressing an issue, at least to Bell, because it estimates that the telephone industry will have a 70% percent market share to cable’s 20%. If the phones have overwhelming market power, why worry?

At the same time, MCI announced that in April it will unveil its broadband service, dubbed MMDS. **MCI will compete with Bell for residential customers**, which should benefit consumers. Vis-à-vis cable, SBC and MCI still suffer a slight disadvantage, since state regulations prohibit a telephone company from offering broadband services more than three miles from a central office. If you have inquired about DSL and been told that service is not available in your area, chances are you are more than three miles out.

Will the state intervene and regulate cable? Does it even have the authority? PUC Chair **Pat Wood** and Rep. **Steve Wolens** (D-Dallas), Chair of House State Affairs, will probably have the most to say about that. Along with Senator **David Sibley** (R-Waco), they masterminded electric utility restructuring, so big challenges are nothing new to them.

Equitable regulation of new communications technology is simply the next mountain. And you can look for the rhetoric to ratchet upward as the competitive interests battle for the position of king of that mountain.

The Austin Fine Arts Festival 2000, formerly Fiesta at Laguna Gloria, kicks off at its new location in downtown Austin, 4/8/00 and 4/9/00. Most everything about Fiesta is changing, not just the name. Many are welcoming the move from Laguna Gloria, hoping the downtown site (Republic Square) will make the arts festival available to a bigger and more diverse audience. At the same time, some traditionalists fear Fiesta will become just another Pecan Street Festival.

In fact, you may not be able to find your favorite artist at this year's nationally-juried show. Only 24% of applicants will be accepted, and only original artwork will be considered (that cuts out reproductions). By **upgrading the quality of the show**, the Festival hopes to continue improving its national art show rating. According to Art Source, a rating firm, during the past three years Austin's premier art show has jumped from the 200's to the 30's. Promoters hope the move downtown will leapfrog the Festival into the **top five**.

That's why this year's Austin Fine Arts Festival has gone to great lengths to make sure the new location will be well received. For instance, construction work near the Festival's 5th and Guadalupe St. site will be integrated into its own exhibit: a construction crane will suspend giant pieces of art to form a huge mobile spelling out the Festival's new logo, creating a "city on the move" image. Only in Austin.

As always, the festival will feature a variety of live music as well as nationally recognized artists, including the roots rock of **Jimmy LaFave**, **The Bells of Joy** gospel band, **Shrodinger's Cat** a cappella talent, and **Centzontle's** Latin American rhythms. This strong line-up of musical talent should bring in new blood, while keeping the traditional Fiesta clientele happy.

As the primary election season winds down, **Dr. Louis Overholster** observed "If you have no one else to blame but yourself, you have no place in politics!"

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Sincerely



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