

THE

*Real Spelce*

# AUSTIN LETTER

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P.O. Box 1905 / Austin, Texas 78767-1905 / 512-498-9495 / Fax 512-327-1976 / e-mail [News@AustinLetter.com](mailto:News@AustinLetter.com)

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Dear Client:

**If you're not a *Washington Post* reader, you probably missed a major feature on Austin and the George W. Bush Campaign.**

In a copyrighted story, Beltway insiders were treated to Bush chief political strategist **Karl Rove's** semi-famous characterization of Austin as "the People's Republic of Central Texas" (Karl really did say that). That quote, of course, refers to Austin's liberal politics, history of environmental activism, and traditional bastion (though it is eroding) of the Democratic Party. The story then asks: Is this anywhere to anchor a serious Republican presidential campaign?

State Representative **Glen Maxey** (who represents the Governor in the Legislature) calls the Governor a "foreign son" and that Austin isn't a "George Bush kind of town." Apparently, the Governor's chief campaign staffer, **Joe Allbaugh**, agrees. When asked if the campaign reflects Austin, Allbaugh predictably replied that "the campaign reflects America." When asked what he thought about Austin, Allbaugh said it's a nice place to visit, but that he thinks Austin is "atypical of Texas." And *Austin American-Statesman* columnist **John Kelso** is quoted as saying that if George Bush "were running for president of Austin, he couldn't get elected."

The story goes on to talk about cross-dressers running for mayor, nude swimming at Hippie Hollow, paying homage to Stevie Ray Vaughan's statue, bat-watching at Town Lake, Dellionaires, upscale restaurants and bars in the Warehouse District, and **Giacomo Forbes**, a hair stylist to the stars (he used to do **Elizabeth Taylor**, **Claudia Schiffer**, **Yasmine Bleeth**, and **Emma Thompson**) who moved to Austin and now does Bush campaign staffers.

Austin's growing income gap is also featured, together with our skyrocketing home values, highway congestion, racial tension, and air pollution. But as Bush media adviser **Mark McKinnon** (now he's a real Austin guy, UTAustin Plan II graduate and former editor of the *Daily Texan*) reminded the *Post*, "Here, you're reminded every day what real America is like because you're surrounded by it. Washington is like living in a political museum."

The Bush campaign likes it that way. From their third floor office complex at Third and Congress, they run a national campaign — outside the Washington fish bowl and in the heart of the People's Republic. No place but Texas.

**Texas retailers are doing quite well so far this year but Austin retailers are doing much better -- by far -- than the statewide average.** Sales tax collections for the first quarter, the most recent numbers available, are up 7.8% year-to-date statewide. But in Austin, collections are up a whopping 12.03% for the same period. And Round Rock was up an amazing 20.67%.

Compare those numbers with Houston (-2.92%), Dallas (+8.33%), San Antonio (+1.84%) and Fort Worth (+4.90%) and you can see the relatively dynamic health of our local economy.

**If you need to know where consumer markets are headed in the next decade or so, here are eight emerging characteristics of the New Economy market.** According to the PR firm that tracked these trends, Bob Bowman & Associates, some are obvious to the untrained eye, some not:

1. Retailing is undergoing a massive reorganization. Instead of department stores and product specific retailers (like bookstores), the new market is organized by price centers (i.e., dollar stores), lifestyle (e.g., Pottery Barn), and occasional retailers (caterers, party supplies, etc.).
2. As the wealthy get wealthier, they are driving a huge boom in outdoor living goods and services: lawn and garden goods and structures, landscaping, spas and swimming pools.
3. **Consumer electronics**, always a hot item, is getting hotter, with the advent of CD burners, high definition and Web TV, digital photography, and the like.
4. Similarly, consumers hungry for faster and more exciting entertainment are fueling so-called "enhanced experience businesses": virtual video, home theaters, theme restaurants, sports packages for thrill seekers.
5. The aging population is driving enormous growth in **anti-aging products**: spa services, cosmetic surgery, sex-enhancing drugs and products, and skin protectants and enhancers.
6. There is a national craze for **health care information** in general and self-care products in particular. Instead of fooling with doctors and HMO's, consumers want to do more on their own, and better-informed consumers are challenging the standard modes of health care delivery.
7. The pressure for higher standards of perfection in athletic performance is driving an exploding market for high-tech sports equipment. And people want to look good when they play; sports apparel businesses are doing record business.
8. Last but not least, consumers want **environmentally friendly** products — less packaging, fewer chemicals and additives, and full disclosure of ingredients. But at the same time, they also want to be pampered with gourmet coffee and ice cream, fancy steak restaurants, and breakfast pastries. Go figure.

**Employers want institutions of higher education “to undertake some serious soul-searching” to respond to technological revolutions in business.** Steffen Palko, President of Cross Timbers Oil Company in Fort Worth, specifically, suggests the following:

Improve relationships with occupational providers, such as businesses, schools, hospitals, and governments. Learn what these **employers expect and want** from college graduates in their fields. Make work-based learning opportunities available to students. Integrate employers into relevant professional training.

Develop occupationally-oriented **variations of traditional degrees**. For example, modify the college English curriculum to teach students multi-media communication and presentation skills. In fact, this is already happening at UTAustin’s Department of Rhetoric and Composition, which is pioneering the use of electronic media to train students in effective, real-world communications skills.

Reduce content-based curriculum and expand instruction on practical application to real world problems and phenomena. Teach students that knowledge is a tool to understanding, not understanding itself.

Emphasize life-long **learning and problem solving skills**. Make sure that every graduating student is competent in higher level thinking skills — decision making, definitional, historical and projective inquiry, experimental methods, problem solving, and inventive design.

Ensure that every student is conversant with standard **workplace technologies**, such as the Internet, telecommunications devices, computer spreadsheets, databases, and word-processing programs.

Re-evaluate each degree plan to make sure it trains the student in both the core knowledge in the field and teaches the student what a competent practitioner in the field needs to know.

With all the current attention on how to improve K-12 education, we would do well to focus some of that effort on making sure that **higher education is in step with the New Economy**. Palko’s recommendations provide a common-sense starting-point for that effort.

**Apartment construction in the Austin area soared to a 15-year high during the first quarter.** In fact, site plan approvals have already reached 72% of the entire total for 1999 and an additional 3,552 new units were submitted into the permitting process, according to Austin Investor Interests. The big news was the number of new starts, which included 17 projects, bringing the total number under construction to 43 projects, containing 11,825 units.

**Austin is in the running to house San Francisco-based discount broker Charles Schwab & Company's new call center**, which will cover 250,000 sq. ft. and employ 1,000 people. Last month Schwab narrowed the search to Austin, Dallas, and Houston.

Texas has become a haven for call centers because, compared to other states, the state has an ample work force, relatively lower lease costs, a central location nationwide, and a large bilingual population. Just as importantly, there is no sales tax on out-of-state long distance telephone calls, which lowers the cost of doing this kind of business.

Moreover, **Austin is more competitive** because its highly educated work force. Many new call centers are marketing high dollar products that require workers who understand technology. For instance, Austin-based Database Marketing Group, Inc., helps customers with complicated software.

Other Texas cities, large and small, are getting into the act by training workers for call center and telemarketing jobs with grants from the Texas Workforce Commission. For example, McLennan Community College and Central Texas College have trained more than 1,000 prospects, getting the jump on Austin Community College, which does not offer any type of telemarketing training.

To land a call center, a **good telecommunications link** is likewise necessary. Unfortunately, this requirement can rule out rural areas. On the other hand, real estate costs are a major factor in location decisions.

While in this respect Austin is not as competitive as other parts of the state, it is still cheaper than Silicon Valley. According to NAI/Commercial Industrial Properties, Austin industrial space ranges from \$4.44 to \$9.60 per sq. ft., substantially less than the Valley's \$6.94 to \$18.98.

**Dr. Louis Overholster** has some psychiatric advice for Indiana University basketball coach Bobby Knight. His suggestion: "Avoid situations that trigger outbursts – like being around people!"

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