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Dear Client:

**The political direction of Texas for the next ten years will be decided within the next six weeks.** Obviously, it will have an impact if Governor **George W. Bush** gives up the governorship to assume the presidency, thereby triggering jockeying for statewide posts up and down the political food chain. But, that hinges upon Bush winning a very tight, hard-fought presidential campaign – certainly not a given, by any means.

If you go ahead and remove the Bush quotient from the equation, you still have an election that will set the governmental tone for Texas until at least 2011. As we've been reporting for some time now, the November election will decide the final makeup of the Texas Legislature. The every-two-year session that begins 1/9/01 is mandated to **re-draw the political boundaries for the Texas House and Senate districts, as well as the Congressional Districts** — and the lines will stay in place until the next census results are released in 2010.

Those who control the Legislature will make sure the districts are re-drawn to reinforce their political power. And, don't forget, because Texas has grown so much since the 1990 census, we are likely to get **two more seats in Congress**.

Texas now has 30 Congressional seats – **17 are held by Democrats, 13 by Republicans**. You can see what will likely happen to our Congressional delegation if, say, the Republicans in the Legislature control the redistricting process. Or vice versa. And re-districting fights are always bloody.

Whether Republicans or Democrats control the Legislature is a dicey question. Currently, the GOP has a shaky one-vote margin in the 31-member State Senate and the Democrats have a slight six-seat edge in the 150-member Texas House of Representatives. While there may be a dozen-or-so tight contests in the House, Democratic House Speaker **Pete Laney** is likely to be re-elected by his fellow House members, even if the GOP picks up a slim majority.

As we mentioned in our 9/15/00 issue, one open Senate seat in deep East Texas is a high-profile, high-dollar contest between Republican **Todd Staples** and Democrat **David Fisher** that could give either party a majority in the upper chamber. But, there's another race for the State Senate that has been largely overlooked – Republican **Robert Deuell's** challenge of incumbent Democrat Sen. **David Cain** in a generally conservative district in the Dallas area. This contest is now attracting some big bucks and is one to also watch in this all-important election.

**Making the New Economy work for Texas requires a shift from policies that promote economic development to policies that promote economic growth.** Policies in the past have tried to stimulate economic development by directly promoting a city or a state's interest through a department of economic development and through targeted tax policies geared to encourage specific firms to relocate or expand in Texas.

These efforts have been only modestly successful, according to the Texas State Comptroller's Office. "A better option is to set the table for economic growth," claims Comptroller economic analyst **Don Hoyte**. "One way to do that is to emphasize workforce training. Economic growth is generally determined by the rate of technological progress, the rate of growth in capital investment and the rate of growth in the labor force and its productivity."

Austin's new economic thrust, as pushed by the Greater Austin Chamber of Commerce, **scores well on all counts**. The fast rate of technological progress in Austin, the massive infusion of capital investment as well as one of this nation's best records in creating and filling jobs is well documented. And, there is heavy emphasis on workforce training to increase productivity. So, we're ahead of the curve in the Austin area.

The massive emphasis on recruiting new industry (which Austin has practiced very successfully for decades) is no longer job one. This New Economy is different in that it does not follow the old law of decreasing returns. In the old days, increasing production required more labor or capital and, as a result, higher prices.

In the New Economy, work done by technology can be reproduced almost limitlessly at no additional cost, the Comptroller's office points out. That means producers can now supply **more of something at a lower cost**. Another factor is demand. In the old economy, if something was scarce, it was more valuable. In the New Economy, demand can make something **more valuable as it becomes more abundant**.

"The fax effect is a good example," Hoyte says. "The first fax wasn't worth anything, because there was no one to send anything to. But the more fax machines there are, the more all of them are worth. In the New Economy, the **more plentiful things become, the more valuable they are.**"

This is also why an **educated workforce is critical to future economic success**. In the old economy, businesses could reduce their need for labor by adding new equipment. Now, new equipment requires better-educated employees to operate it. Both labor and technology costs rise and employers must increase the skill set of their workforce.

"Workforce training is the key," says **Steve Kester** of the American Electronics Association. "**No other economic development issue affects the bottom line more.**" That's been the mantra of Austin business leaders for some time now. And it grows more important with each passing day.

**UTAustin is stepping up to ease the apartment housing crunch a bit by constructing the first new residence hall on campus since 1969.** San Jacinto Hall, will house 866 students during the academic year – even though construction will continue through the fall semester.

Students began moving into the North Tower of the building at 309 East 21<sup>st</sup> 8/22/00. Work is still underway on the South Tower. The building is expected to be fully occupied by the opening day of the spring semester, January 2001. The two towers are both five stories tall and they are connected on the ground and first floor.

What sets this \$52 million dollar project apart from the last student housing facility built 30 years ago? There are **two data, telephone, and cable connections per room** to start with. There is also a large **computer lab** with 30 stations and a card-swipe system to access the living areas.

Security? A video surveillance system is pointed at the exterior doors and elevator lobbies, and a 24-hour desk is set up to monitor the access and video surveillance systems.

Of course, there are laundry rooms, game rooms, vending rooms, study rooms and lounges on each floor as well as a large formal lounge. You also have a 6,000 sq.ft. multipurpose room with a sound system, screen and a 300-person capacity. How does the cost break down? **The construction tab is \$186 per sq.ft.** The cost per bed is \$60,000 and each room is about 250 sq.ft. Each student will pay \$3,700 for the long session. And, the building will serve as conference housing to University-sponsored adult groups in the summer.

To give you a perspective on where this sizable project fits in Austin's construction frenzy to build more living units, consider this: Austin Investor Interests reports that 20,618 apartment units are under construction or in the permitting stages of development. Most of the projects are located in sectors of South Austin and all north Austin areas, including Williamson County.

However, since only 2,748 units have been completed at last count this year, the supply of new inventory remains short of demand. **In all, about 5,740 apartment units should be completed by year's end.** So, you can see the 866 students that will be absorbed by UTAustin's San Jacinto Hall will make only a small dent in the demand for housing in this fast-growing metro area. Guess every little bit helps.

**You probably didn't know the Austin-Bergstrom International Airport police could only give you a warning ticket when you roared into the airport property rushing to catch your plane. Well, that's changing.** The airport cops are finally getting the authority to write full-blown tickets for whatever traffic/speeding laws you may violate. You're now forewarned.

**The Institute for the History of Texas Music is new – but it’s growing and infused with enthusiasm for its product and potential.** Located in the Department of History at Southwest Texas State University in San Marcos, it is a natural offspring of the highly-acclaimed Southwestern Writers Collection established by **Bill Wittliff** at SWT back in 1986.

The Institute is celebrating its first anniversary this fall. But, it is benefiting from the early efforts of the Writers Collection, which established a strong Texas music component as an example of southwestern writing. For example, **Willie Nelson’s** little book of songs, written when he was only 11 years old, was part of the Southwestern Writers Collection early on, and is now at the Institute.

This past spring, SWT offered its first upper-division history course entitled *The History of Texas Music*, and it plans to offer a graduate level course on the same subject during the Spring 2001 semester. The course this year looked at how **music reflected the culture and development** of Texas and the Southwest during the past 300 years.

In addition to traditional course study, the Institute is working with the Texas State Historical Association and the Texas Music Office to prepare a *Handbook of Texas Music*. Its objective: to be an authoritative **encyclopedia of Texas music**. It will include info on musicians, musical organizations and musical instruments throughout Texas history.

Austin Grammy nominee **Marcia Ball** said “Texas’ past is written in its music. It’s written in *Red River Valley* and *The Streets of Laredo*. It’s in *The Midnight Special* and *She Took The Katy and Left Me The Mule To Ride*. It’s in *Peggy Sue* and *Chantilly Lace* and *Texas Flood*.” She called the Institute at SWT a “partnership between the academic and the working musician, **where the Rhodes Scholar meets the road scholar!**”

While **Dr. Louis Overholster** doesn’t claim to be a psychiatrist, he does dispense some interesting bits of advice to his patients, such as: “Don’t complain about procrastination. After all, it helps you get through today!”

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