

Volume 23, Number 7

May 18, 2001

Dear Client:

With all the talk about the power of Texas Republicans in Washington these days, there is one Texas Democrat who has more power in Washington than many Texas Republicans and all Texas Democrats. Who is this Texan and why is his enormous influence on the national political scene on the verge of expanding even more?

The USSenate is the fulcrum of power because it is divided 50-50. With the rules of the Senate, **Democrats hold procedural trump cards on most issues.** If 98-year-old Republican **Strom Thurmond** is not able to finish out his term, the Democrat Governor of South Carolina will name his replacement. The Dems could be a heartbeat away from control of the Senate.

It's not widely known, but **Ben Barnes** is the Texas Democrat who, over the past decade, has built up a power base among Democrats in the USSenate second to none in Texas, and among the strongest in the nation. Senate Minority Leader **Tom Daschle** introduced Barnes recently as "the 51st Democratic Senator." Another national Dem leader said Barnes "is more influential than any Democrat in Congress." Still another said Barnes would never run against Texas Republican USSenator **Phil Gramm**, because Barnes "would not want to give up his influence."

How did he get this power and how does he keep it? Consider: He recently hosted **27 Democratic members of the USSenate in his summer home in Nantucket, at the same time.** This year, he'll have 21. Some claim every Democrat USSenator returns Barnes' phone calls within an hour's time and Barnes can walk into their offices to see them at any time.

Money, the mother's milk of politics, is the key. There are 14 Democratic USSenators facing re-election next year. So far this year, Barnes has **hosted fundraisers for 11 of them in Texas** and will add two more to that list this fall. He's on the board of Daschle's fund-raising Political Action Committee and chaired a fund-raiser that, during the last reporting cycle, raised \$5 million.

Who benefits from Barnes' power? In Washington, he's registered to represent American Airlines, Firestone, Southwestern Bell, Freddie Mac, Longhorn Pipeline and Huntsman Chemical. **Much of his work for them is crisis management.** And, they are likely to get **more bang for the big bucks they pay Barnes** if the Dems gain control of the Senate in next year's elections, or if Thurmond, who is in failing health, doesn't make it to his 100th birthday.

The City of Austin has penciled in 59 additional officers for the understaffed Austin Police Department in next year's budget. Sounds okay? One Austin gadfly doesn't think so. And, if you're on his e-mail list, you know *Texas Monthly's* founder/publisher **Mike Levy** is the gadfly in the city's ointment on this public safety issue.

You may have noticed the very long story in the 5/14/01 issue of the *Austin American-Statesman* (even though the *Statesman* is a frequent Levy target) about Levy's e-mail campaign against the Mayor, City Council, City Manager and city staff on issues of public safety. Levy is not subtle. He said of the City Council "**I think they hate me a lot because I don't respect them and they know it.** These people will be gone in a few years. They were nonentities before and they will be nonentities again." See what we mean. Levy pulls no punches.

His harsh, in-your-face tone turns off a lot of people, and the subjects of his criticism often turn a deaf ear to his shrill shrieks that keep coming day-after-day, relentlessly. But, when you peel away the bombast, you find Levy makes a **strong case for more support for public safety.** He is especially perturbed the cop shop is only going to get 59 more officers in the new budget.

"The manager's very expensive PIO (Public Information Office) apparatus spins this 59 officer increase by saying it brings APD up to 1.9 officers per thousand population, conveniently ignoring some not insignificant facts," notes Levy. He points out APD has "supposedly had an authorized strength of 1.9 for some time ... and the **actual strength is currently around 1.5**, because recruiting more qualified officers is a very low priority for the manager."

As to how this compares with other Texas cities, Levy makes the case "Dallas, Fort Worth, Houston and San Antonio all have authorized manpower levels for their police departments of between 2.5 and 3.5 cops per thousand, which puts **Austin at least 450 officers short** of what the people in our community need and deserve. We're paying for this shortfall in lots of ways."

"Within 48 hours this past weekend, Austin recorded traffic fatalities #24, #25, #26 and #27 in three separate accidents," he complained. "Through the same period in 2000, Austin had 22 fatalities, which means we're **running ahead of last year in this tragic carnage indicator by over 20%**. Austin recorded 77 fatalities in 2000, which was a **70% increase** over the 55 in 1999. We're talking about a public health problem of epidemic proportions."

Levy claims "cops will tell you that **adequate traffic enforcement in Austin is a myth.** We used to have four shifts of multi-officer units dedicated to traffic enforcement; they are history." He also says units specifically dedicated to DWI enforcement have been reduced by one-half, and neighborhood policing is also a myth – "not enough officers." He can keep reciting such claims on and on. And he will. **One thing about Levy is his untiring tenacity.** He also appears to have no political ambition and nothing personal to gain from this crusade – which makes him all the more formidable as he pushes his public safety agenda.

As construction moves smartly along on the downtown high-rise living unit, Plaza Lofts on Republic Square, the marketing effort is picking up steam. Plaza Lofts is now paying Realtors a portion of their commission upon the execution of a contract, with the remainder to be paid at closing.

Plaza Lofts pays a 3% commission at closing to Realtors representing purchasers. But, Realtors can pick up some bucks on the front end, because the new, from-the-ground-up building also pays **1/3 of the commission (1%) upon full execution of a contract** for the purchase of one of the units. In late March, contracts were executed for units priced at \$769,900 and \$379,900.

The first units at 5th and Guadalupe are scheduled to be **ready for move-in this December**. Approximately 40% of the 56 units are under contract and in escrow. The Plaza Lofts is a 12-story structure and a model loft has been set up to help the sales effort at 201 West 5th.

Six alums will be named a Distinguished Alumnus of UTAustin, the highest award given by the Texas Exes, in ceremonies this fall — the weekend of the UT/Colorado football game. The traditional events include a luncheon and formal evening ceremony 10/19/01 and a football field ceremony the next day.

This year's designees: **Gordon Appleman**, a tax attorney with the Fort Worth law firm of Thompson & Knight; **Betty Sue Flowers**, Austin, a longtime English prof and poet who has collaborated with **Bill Moyers** on several books & TV shows; and **Richardo Hinojosa**, Brownsville, the youngest federal district judge in the nation, at 33, when he was appointed 18 years ago.

Also: **Ron Kirk**, Dallas, a Texas secretary of state before his election as the current mayor of Dallas; **Joe Long**, Austin, a former banker/attorney who has become a prolific philanthropist for Austin and UTAustin; and **Jon Newton**, Houston (formerly Austin & Beeville), a former UTSYSTEM Regent and retired vice chair of American General.

Also, for only the second time, the Texas Exes will hand out its Distinguished Service Award at the same event. It is the highest honor the Texas Exes can bestow on a non-alumnus and it will go to UTAustin SrVP **Bill Livingston**. The previous recipient was former UTAustin president **Peter Flawn**.

In case you didn't pick up on it in the previous story, The Ex-Students' Association of The University of Texas is now, simply, Texas Exes. UTAustin's 116-year-old alumni organization has occasionally used the moniker "Texas Exes" since the late 1960s. Now it's the official name.

They looked like entrepreneurs. They even talked like them. But, now that they're gone, it's clear the New Economy founders were something else entirely: Opportuneurs. Telling the two apart has been no easy task in recent years, in part because opportuneurs did such a fine job of co-opting the vocabulary and attitudes of entrepreneurs. But, confusing the two is like mistaking a day trader for **Warren Buffett**.

This is the opinion of **Jerry Useem**, a senior writer for *Fortune* magazine, who specializes in small businesses. Useem maintains the hordes who launched businesses at the height of the dot-com mania were opportuneurs – **people who started companies for reasons that were fundamentally opportunistic, not creative.** As he put it: “There’s nothing quite so harmful to an opportuneur’s sense of well-being than to watch less deserving people get rich.”

“There’s nothing wrong, of course, with taking advantage of opportunity,” he acknowledges. “And, to be fair, many of these opportuneurs possessed brains, a genuine sense of excitement, and certainly no shortage of bravado. **Yet, by insisting they were entrepreneurs, they corrupted the concept of entrepreneurship.**”

“They were willing to become ‘risk-takers’ just so long as there wasn’t much risk involved. And there wasn’t much, really,” claims Useem. “Instead of mortgaging their homes and hitting up their families for money – financing techniques of the traditional entrepreneur – **opportuneurs could play with the money of strangers.** Screw things up, and they didn’t lose their homes; they got their options repriced.”

Useem concludes: “What is ending is the golden age of the opportuneur – a period when wealth became decoupled from contribution, risk-takers were replaced with risk-fakers, and **exploiting external opportunity became more important than pursuing inner vision.** We should hardly lament its passing.” He suggests returning the title “entrepreneur” to its rightful holders.

Dr. Louis Overholster says he knew this country was too obsessed with money, IPOs, interest rates and the stock market when he walked into a toy store and found out the hottest-selling item was an Alan Greenspan action figure!

NEAL SPELCE AUSTIN LETTER (ISSN 1071-0612) is published weekly, except last two weeks of the year, for \$150 (plus tax) per year or \$249 (plus tax) for two years. To subscribe, call 512-498-9495. Periodical Postage Paid at Austin, TX 78767 by Austin Letter, Inc., 1407 Wild Cat Hollow, Austin, TX 78746. POSTMASTER: Send address changes to: Neal Spelce Austin Letter, P.O. Box 1905, Austin, TX 78767-1905.

Sincerely



Editor/Publisher