

THE

Neal Spelce

AUSTIN LETTER

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Dear Client:

With President George W. Bush countering the norm by vacationing in Central Texas this month (August usually has Texans leaving the state to escape the heat!), the summertime temperatures seem to be mirroring political speculation heat.

The intensity was ratcheted up by the return of Former VP **Al Gore** to the US from Europe sporting a new look, a full beard. (The irreverent *NYTimes* columnist **Maureen Dowd** referred to Gore as having “a Hemingway beard and a Heineken girth!”). Is Gore now emerging from self-imposed silence and positioning himself for **another run for the presidency**? Many think so, but his race route to a possible Democratic Party nomination will be paved with hot coals.

Gore enjoys a high name identification, but that may not be a plus. A newcomer to Texas politics was readying a run against an old-time Texas politico when a supporter said he didn't have a chance against the old-timer's high name ID. The newcomer said it would be easy, he would **simply remind voters why they remembered the old-timer!** Gore disappointed many in his own party, because they thought Gore's run against Bush was his to lose — and he did. This means there are a bunch of Dems chomping at the bit to run.

The list doesn't just include the obvious — Senate Majority Leader **Tom Daschle** and House Minority Leader **Dick Gephardt**. Someone once observed that every member of the USSenate felt he/she could do a better job as president than whoever the current occupant may be. So, keep an eye on the political maneuvering of Senator **Joe Lieberman** who says he won't run if Gore does. But, that won't keep him from staying in the limelight, just in case.

Now that the Dems control the Senate, new committee chairs **Joe Biden** (Foreign Relations) and **Pat Leahy** (Judiciary) have bully TV pulpits they are likely to use for national exposure. Also, watch Senator **John Kerry**. He seems to be trying to rip the environmental mantle off Gore's shoulders by getting out front on the Arctic energy drilling issue. And there are others, such as **Chris Dodd**.

Of course, you can't find anyone who thinks Bush will not seek a second term in 2004. Much of what he is doing now is **shoring up his political base as he seeks to expand it** (such as trips this week that put him in front of Hispanic voters, and getting Labor to back his Arctic energy drilling plan). The oppressive summer heat doesn't seem to slow the political maneuvering.

When Austin Mayor Kirk Watson announced this week he plans to seek the Democratic nomination for Texas Attorney General, it had much more significance than simply vacating the city's top political post. This is not to minimize the importance of the next mayor of Austin (more about that in a minute). However, it underscores what Texas trial lawyers hope will be a sea change in state government.

In the not-too-distant past, **trial lawyers were one of the most potent political forces in Texas politics.** A majority of the Texas Supreme Court was elected with their considerable support and practically every statewide Democratic officeholder reported receiving vast sums of money from the plaintiff's lawyers. As a result, Texas became noted for large lawsuit judgments.

Then came the backlash. Republicans started screaming tort reform and before you knew it, **all of the trial lawyer-backed officeholders and judges were swept out of office.** Just like that. Now Republicans hold every Texas Supreme Court seat and every single statewide elected office.

However, the personal injury lawyers have been re-energized and are licking their chops at the prospects of turning Texas back to *their* "good ole days." Watson is one of their key players. **Why? Because Watson is one of them – a trial lawyer.** The AG's post – the state's top lawyer – is, for them, the Holy Grail.

But that's not all. The trial lawyers also think there could be **three, five, maybe more – seats on the nine-member Texas Supreme Court up for grabs** next year. President **George W. Bush** has tapped one justice for a federal judgeship, others are hinting at retirement, and one hasn't been tested at the ballot box. They feel they can't lose in the Governor's race with **Marty Akins**, a trial lawyer, and **Tony Sanchez**, a multi-millionaire Hispanic, vying for the Democratic nomination. And, they also think **John Sharp** is a hands-down General Election winner for Lieutenant Governor. Get the picture. They're salivating.

The personal injury lawyers *think* they have such an embarrassment of opportunity that – even though plaintiff's attorneys are notorious for raising big bucks – they feel their biggest problem is **running out of money if they try to fund all these races** at the levels it takes to win.

Now, about the mayor's race. Watson, by law, must resign as mayor. He can serve until his successor is elected 11/6/01. **But, the next mayor will only fill out Watson's un-expired term.** Then, the successor must seek re-election or stand aside, at which point the mayor's race becomes a wide-open contest.

There are those who feel Watson's successor will have a difficult time. The economy is faltering, so there will be tight budget circumstances ahead. Meantime, the major expenditures already committed will come home to roost. Also, the next mayor could face a contentious council. So, these pundits feel it's likely the next mayor will have a difficult time being re-elected. This could mean a bit of turmoil at City Hall for the next couple of years.

Leadership Austin (LA), the two-decades old program that introduces its members and alums to local issues to give them the contacts and tools to make a difference in the civic life of the area, is leaving the Greater Austin Chamber of Commerce (GACofC) nest to go it alone.

The GACofC founded LA in 1979 and has provided financial and staff support since that time. But, as has happened with some other programs started by the Chamber, the leaders of LA have decided it can extend leadership development opportunities to more people in the region as an independent non-profit organization. The extraction process is already underway.

At least two other high profile groups have also been created by the GACofC and then cut the umbilical cord – with mixed results. **The Austin-Travis County Livestock Show & Rodeo (now called the Star of Texas) has been very successful** in expanding its annual event and increasing the amount of scholarships given to area high-schoolers. It is thriving as an independent entity.

But, there has been one very obvious failure. The **Austin Aqua Festival** was created by the Chamber to provide an economic stimulus during the summer doldrums, and at the same time, enhance the water assets of the Austin area. It met and exceeded most objectives during the time it was under the GACofC's wing. But, after the AquaFest became independent, it **faltered, lost money and interest, and ultimately failed.**

Leadership Austin is a **more modest undertaking than either the Livestock Show & Rodeo or the Aquafest in financial, staffing and volunteer resources.** And, LA has the advantage that it has nurtured more than a thousand Austinites in the importance of commitment to volunteer work, so it can draw on its own “home-grown resources” for support. So, the odds for LA's success as an independent entity are much greater than the Aquafest.

Do you by any chance remember a young man whom friends called “Tuto” Quiroga when he was getting a business degree at St. Edward's University here in Austin, or when he was working in Austin as a computer engineer? Well, you might want to renew your acquaintance. He's the new President of Bolivia.

That's right. The 41-year-old, who **married Texan Virginia Guillum**, is now officially the President of the South American nation, having moved up from being appointed that country's minister of Finance (in 1992) and then elected Bolivia's youngest Vice President at the age of 37. He's dropped his nickname and is now known as **Jorge Quiroga.**

Quiroga ascended to the presidency when President **Hugo Banzer** stepped down this month because of ill health. Oh, by the way, Quiroga is also a graduate of TexasA&M.

The sales slowdown continued for the third month in a row in June, and this time it not only hit retailers in Austin and Travis County, but the negative numbers slammed San Marcos and Hays County as well. The only bright spot was Round Rock and Williamson County.

This is not a good trend. It's especially troubling because we continue to run counter to the state as a whole. **The sales tax collections statewide for April, May and June were up 5.4%, 5.4% and 5.5%**, respectively, over the same time frame the year before. But, take a look at our sales tax collections during these same months, which were just released this week:

Sales tax collections were **down 3.28% in Austin and down 2.28% in Travis County** in June, compared to June 2000. San Marcos (down 9.13%) and Hays County (down 2.38%) also showed up on the negative side of the ledger in June, even though collections there were up during April and May.

These are actual taxes collected, not forecasts or guesses. They also are compared to the previous year, to **rule out seasonal fluctuations**. This is why they're so sobering. And, to a certain extent, they reflect the attitude and well being of your consumer neighbors.

The bright spot in our metro area — and what a bright spot it is — continues to be Round Rock and Williamson County. **Sales tax collections were up a whopping 28.00% in Round Rock and 24.18% in Williamson County in June.** That's impressive. Bastrop County (up 5.03%) and Caldwell County (up 6.47%) also showed solid gains.

All five counties in our metro area, as well as the major cities, still show an increase year-to-date. But, we can't stick our head in the sand when it comes to Travis and Hays counties. This is **three months in a row Austin and Travis County sales tax collections have dropped** below the year before. We'll continue to watch this. The July numbers will be out 9/14/01.

Dr. Louis Overholster says the nation's health rating will rise now that kids are going back to school: "Teens will get an adequate amount of sleep now – four hours at home and four at school!"

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Sincerely



Editor/Publisher