

THE

*Neal Spelce*

# AUSTIN LETTER

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Volume 26, Number 1

April 2, 2004

Dear Client:

## **Checkmate! The GOP Congressional runoff spat about who is the best Republican has been won. Now it's back to Austin versus Houston.**

Wait a minute. How can this spat be won, before the 4/13/04 election run-off? You've probably seen the ads from Austin's **Michael McCaul** and Houston's **Ben Streusand** where each calls the other the dirtiest word they can think of – Democrat!

The new congressional district's boundaries were drawn to include a vast majority of people who had voted Republican in the past. It is so lopsided no Democrat, not even a token who was just seeking name recognition, filed for the post. Therefore, their ads are aimed totally at Republicans.

McCaul and Streusand dredged up items in the other's past – no matter how far-fetched — that linked his opponent with Democrats and blanketed the district with ads claiming to be the only true Republican in the race. Well, this week McCaul very effectively checkmated Streusand with one simple TV spot, featuring Texas's two US Senate Republicans, **Kay Bailey Hutchison** and **John Cornyn** (both highly respected in their party), strongly and warmly endorsing McCaul.

With that issue effectively nailed, it comes down to which end of the district turns out the **bigger vote for the hometown candidate** – and who can attract enough **rural county GOP support** between Austin and Houston. It's a big stakes contest. Spending in this Congressional race is setting records each day. And, because there will be no Democrat on the ballot in November, the winner of the runoff in less than two weeks will be the next Congressman.

If you're already turned off by the back-and-forth political **charges in the presidential contest**, you could turn your attention to the Web for a more entertaining look at the new Internet age of campaigning. One example: The day before Democrat **John Kerry** this week revealed his plan to bring down gasoline prices, the **Bush-Cheney** campaign set up a Web site called the "Kerry Gas Tax Calculator." Saying Kerry had supported a 50-cent a gallon increase in the gas tax, the site lets the voter calculate how much **more the voter would pay – no matter the price of gas – with a 50-cent gas tax** (\$657/year for the "average family"). Planning a trip? The calculator gives voters directions and lets them know how much more they'd pay with a gas tax added. The Dems and the GOPers will undoubtedly become **even more creative** in the months ahead.

**“I don’t think there is any question that the economy is improving across the region.” Those are the words of one of the leading economists in Texas – after he reviewed the job situation.**

As you know, many commentators keep criticizing the economic rebound, pointing out the creation of jobs has lagged behind other indicators. And that’s true. But the debate is whether this **lag is a disaster, or part of a steady, positive trend** toward a vibrant economy. But no matter how you slice it, Texas – and particularly, Austin – is picking up positive momentum.

First of all, let’s look at the state. Texas Workforce Commission (TWC) Chair **Diane Rath** says, “We continued to see **positive signs in the Texas labor market**, including declining unemployment and added job growth. The addition of more than 50,000 jobs over the last five months is a strong indicator that the Texas economy is heading in the right direction.”

Take the most recent month for which numbers are available. Nationwide in February, payrolls rose by 21,000 jobs. The economist mentioned above, Dr. **Bernard Weinstein**, told *The Dallas Morning News* that during this timeframe **Texas supplied nearly half of those 21,000 jobs**. Impressive.

Austin is even more impressive. **Austin was the only major Texas metro whose unemployment percentage in February dipped below 5.0%, dropping all the way to 4.8%**. Dallas tallied 6.2%, El Paso notched the worst unemployment of the major metros at 8.8%, Fort Worth-Arlington came in at 5.7%, Houston recorded 6.2% and San Antonio was second behind Austin with 5.1%.

This is what happened in February. So what’s ahead? **Ron Lehman**, the TWC Commissioner Representing Employers, said “Many employers continue to show **increased business activity** and slow, but steady, **increases in hiring** as well.” This comment is echoed – strongly – by 56 national economists surveyed this past week by *USAToday*.

As far as the overall national economy is concerned, “employers soon will add jobs steadily as the economy continues to expand. In an optimistic outlook, the 56 economists also predict businesses and consumers will continue to spend more as the unemployment rate falls. **Inflation will stay low**, they say, letting the Federal Reserve **keep interest rates at historic lows a bit longer**,” reports *USAToday*.

Businesses are the key. “Businesses sent the economy into a recession as they cut spending starting in late 2000,” reported the national newspaper. “After picking up last year, **business investment is expected to increase by double digits each quarter through 2004**.” That’s not all. Thirty-one percent of the economists said they expect hiring to begin in earnest in the second quarter (which started yesterday) and more than half expected considerable gains in the second half. Their overall feeling about the economy: **Very optimistic, 24%** ... **somewhat optimistic, 65%** ... unsure 4% ... somewhat nervous, 5% and very nervous, 2%.

**Austin's smoking ban has been cussed and discussed for the effect it might have on the vibrant restaurant and bar scene in this eat-out, party-down town. So, what's been the impact in another place noted for its dining and drinking establishments – New York City?**

New York City Mayor **Michael Bloomberg**'s smoking ban, enacted one year ago, was going to devastate the bar and restaurant industry, according to opponents of the measure. Not only was the mayor a puritan who was going to ruin all the fun, his anti-smoking stance was going to **deal a fatal blow to the bar and restaurant owners** whose establishments are an essential part of the city's social and economic fabric.

Now that it's been a year, let's turn to *The New York Observer* for what the weekly newspaper had to say this week in an editorial about the impact in The Big Apple: "According to a new study, conducted primarily by the city's Department of Health and Mental Hygiene and New York City Economic Development Corporation, **bars and restaurants are doing even better business than before the ban.**"

"They're hiring more people, applying for more liquor licenses and paying more in business taxes. The study found that in 2003, more people were working in the industry than at any time in the previous 10 years. While surely some bars and restaurants which leaned heavily on a smoking population have suffered, far more have benefited from increased traffic from **people who used to shun going out because they didn't like to inhale toxic secondhand smoke and come home with their clothes smelling of tobacco,**" the newspaper opined.

"Going out to a bar is no longer a health risk. And young New Yorkers are **more willing to work now waiting tables or tending bar** because they can do so without putting their health in jeopardy," added the newspaper.

The editorial closed with this kicker: "Smoking is an addiction most people no longer engage in. Those who believe New York has **lost some of its glamour without smoke-filled bars and restaurants** might want to pay a visit to the Memorial Sloan-Kettering Cancer Center."

Non-smoking ordinances are found in cities all over the US, but most foreign countries have yet to follow suit – with one notable exception. Just this past week, Ireland – the entire country of Ireland – noted for a social life that centers around pubs in small towns and big cities alike ... started **enforcing an outright ban on smoking in pubs and other public facilities**, with only a few exemptions.

Hello! This is Ireland, with a reputation for hard-living — where drinking and smoking at the same time has been elevated to an accepted norm of behavior, almost a tradition. (Two old witticisms, with kernels of truth: "**God created alcohol just to keep the Irish from ruling the world!**" and "**When St. Patrick visited Ireland there was no word in the Irish language for sobriety!**"). We'll check back in the future to see the effect of the Irish smoking ban in pubs.

**One of the highest honors to be bestowed upon those who attended or graduated from UTAustin is to be named a Distinguished Alumnus by The Ex-Students' Association. Half of the six who have just been selected for 2004 are from Austin.**

The recipients of the Distinguished Alumnus Award over the years reads like a Who's Who of business, the letters, the arts, government service, communication, education and philanthropy. The six selected this year also have similar **varied backgrounds**.

Consider these names. The 2003 recipient of the Nobel Prize in Literature, **John M. Coetzee** (PhD 1969), will receive the award later this year. He now lives in Australia. He will be joined by Former Lt. Governor/State Senator **Bill Ratliff** (BS 1960), a consulting engineer who lives in Mt Pleasant and Dallasite **Trisha Wilson** (BS 1969), the president/owner of her own Interior Design firm.

The three Austin residents are **Kenneth Jastrow II** (BBA 1969, MBA 1971), Chairman/CEO of Temple-Inland ... **Teresa Lozano Long** (BS 1948, MEd 1951, EdD 1965), educator, civic leader and philanthropist and **Roy Spence** (BA 1971), the president/founding partner of the advertising agency, GSD&M.

While the selection process has now been completed, the actual ceremonies bestowing the prestigious honor upon these six will not be held until this fall. **The weekend of the UTAustin/Baylor football game (10/1/04) is set aside for those festivities.**

You may have noticed the change in the masthead at the top of this week's edition. It reads Volume 26, Number 1. This is a longstanding way in the publishing business to identify each issue. Translation: "Volume" indicates the years this newsletter has been published and "Number" is the specific edition in any given year. So, the issue you are reading is the first in our 26<sup>th</sup> year of publishing this weekly newsletter. Obviously it is somewhat of a milestone to have completed 25 years bringing you insights, trends and perspectives about what has happened in this dynamic city. We thank you for the opportunity. (By the way, in those 25 years, **Dr. Louis Overholster** has changed so much his back now goes out more than he does!)

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