

Volume 30, Number 27

October 3, 2008

Dear Client:

Frustrated by the media's perpetuation of inaccurate analysis, a UT Austin professor has authored a book that is especially timely in the last 30 days of campaigning for the US presidency. He says he wants to set the record straight.

Joined by colleagues from two other universities, **Daron Shaw** drew upon more than 50 years of historical studies from the American National Election Studies (ANES) and other sources to identify long-term trends in voting behavior, and to debunk many of the myths that contribute to popular misunderstanding about who votes and why. Here are some of his "myths:"

Myth 1: Americans are deeply polarized. "The concept of polarization implies that Americans increasingly hold extreme views: that there are a bunch of people on the liberal side and bunch of people on the conservative side and very few people in the middle, which is not the case," Shaw observed.

He said that ANES data on self-professed voter ideology shows that **moderates make up nearly 50% of the population, conservatives constitute about 30% and self-identified liberals about 15%**. "When we've examined American's opinions on a range of issues, we find they are actually very centrist," he added.

Myth 2: Swing voters swing elections. While swing voters and swing groups make for entertaining stories, it is unclear there is a coherent sociology to swing voting, Shaw argues. "Most political scientists view swing voting behavior more as a function of a person's individual psychology than a demographic classification," he added.

"An election campaign for the most part is about activation, not persuasion," he explains. "Activation is about reminding people why they're a Democrat or Republican. **The problem is the concept of activation is not the sexiest story of the election, so journalists tend to write about people who defect from their party and over-report the experiences of a small group, which distorts our understanding of the political landscape.**"

There are other "myths" and he criticizes the media for perpetuating them, calling them "contentious or flat out wrong." His book title: *Unconventional Wisdom*.

In one month you will have an opportunity to weigh in on a November ballot initiative that would, if passed, severely restrict incentives for retail establishments, as well as overturn previous contractual obligations between the City of Austin and certain retailers.

We've reported on this recently, but as the decision date nears, the whole notion of granting government incentives to businesses that create jobs bears a bit more examination. **In just the last ten years, Austin City Councils have approved more than \$100 million for a variety of incentives to private businesses intended to spur economic development.**

These economic development incentives, largely in the form of substantial property tax rebates, **played a large role in stimulating major investments in high technology sectors that have contributed to Austin's stunning growth.** For the most part, these incentives were offered to businesses who were receiving much the same offers from other cities wooing these same companies.

These were not simply "grants." Most of these incentives were offered with a caveat. The firm that received them had to agree to reach certain performance standards – such as the **creation of a specific number of jobs by a specific deadline, and/or confirm the company made a certain level of investment in Austin.** Annual benchmarks are necessary before the city "pays out" the incentives to these businesses.

To further understand this process, you need to be aware there are *two* different types of incentives granted by the City of Austin.

Firm-based Incentives. Usually in the form of substantial tax breaks, these are offered to encourage companies to locate or expand in a given area – as opposed to other cities, etc. And they include the above-mentioned performance standards.

Project-based Incentives. These have been used to guide the location of development, or more recently, to encourage certain kinds of development – such as mixed-use residential and commercial projects – in specific neighborhoods.

Earlier this year, the local organization calling itself "Liveable City" issued a report titled: *Building a More Sustainable Economy: Economic Development Strategy and Public Incentives in Austin*, in conjunction with UT Austin professor **Michael Oden**. The report was also excerpted in the UT Austin Bureau of Business Research's *Texas Business Review*.

The report focused on such basic questions as: "Why should public money be given to private firms? How much is the City of Austin giving? And what is being received in return?" This week, why don't we drill a little deeper into **what the report had to say on the issue that will appear in the form of a ballot item 11/4/08.** We'll examine this in a little more detail in the following item.

Opposition to certain project-based incentives has grown to the point that thousands of Austin voters signed petitions to force the issue to a vote in November. As we have noted in a previous edition, it is being vigorously opposed by the Austin Chamber of Commerce.

Not all project-based incentives have come under fire. For instance, incentives of this type have been used to encourage larger businesses such as **Computer Sciences Corporation** to locate downtown, rather than in the outlying areas. Also, incentives were used to promote a new model of denser, mixed-use development on major transit corridors, such as **The Triangle**.

But the “Livable City” report said “the continued use of *direct retail incentives* should be questioned. At one time, these incentives may have been justifiable to introduce the mixed use concept to the Austin market. Now that it is established as a profitable and desirable model, **the further use of incentives for this purpose should be carefully considered.**”

The report further points out that “retail activity is generally the *result*, rather than the *cause*, of economic growth in a city or region. Aside from tourism revenues, retail activity cannot grow faster than disposable income within a given economy. In many cases, **retail incentives simply shift economic activity from one place to another, rather than generating new products or jobs.**”

Given this position, “Livable City” presented some recommendations, including: 1) Increase Community Involvement, 2) Create a Unified Economic Development Budget, 3) Reform the process of Evaluating and Granting Incentives, 4) Reformulate Goals and Policies on Physical Development and Project-Based Initiatives, 5) Reform the Process of Evaluating Community Benefits for City-Supported Development Projects, and 6) Prioritize Sustainable Development of Green Industries and Green Jobs. You get the drift.

We’ve gone into this detail to underscore the fact that the November ballot **effort to break the city’s agreement with** such retail mixed-use projects as The Domain (already up and running, and expanding according to plan) is **more than just some ticked-off folks who circulated petitions to force the issue.**

But, as the Austin Chamber points out, **the ballot initiative misses the point somewhat because the City Council has already acted to remove the retail-related incentive program.** Therefore the Chamber argues that if the measure succeeds, the bottom line effect will **put the City in the position of breaking an agreement** in which the developer has performed in all respects.

Not good, because the success of the initiative would have a ripple effect throughout the nation. Other cities competing for jobs could wave this in front of prospects and say **the City of Austin cannot be relied upon to keep a contract in which all parties are performing.** This issue needs to be in the debate forefront, as the November General Election looms just a month away.

Next month is important if you are interested in planting trees in the Austin area. And remember, tree planting done properly can help prevent pesky power outages in the future.

The best time to plant trees in the Austin area is from October through March – during the cool months. **The earlier the better, in order to allow the trees to build a strong root structure** which will help them through the sweltering summer. Your local nursery can help you pick the best trees for your area and recommend the specific species that fit your wishes.

The nurseries can also advise you on placement and spacing, which becomes very important as your trees mature – especially when it comes to energy saving and preventing power outages. For instance, they will probably recommend that you plant trees that lose their leaves in the fall (deciduous trees) on the southwest side of your home.

Why? Because the shade will keep your home cooler in the summer, and when the leaves fall in the winter, the sun shines through to warm your house. This certainly helps in energy saving. **Also Austin Energy says that providing shade for your air conditioner reduces electricity usage by up to 10%.**

To prevent power outages, you will probably be advised to plant trees that will grow 40' or taller at least 50 feet from utility poles. Trees that grow up to 40' can be planted 20 to 50 feet from a pole. And trees that reach a maximum height of 25 feet or less can be planted within 20' of a pole.

The general rule is to **plant the trees far enough from utility lines and poles** to prevent high winds from slamming tree branches against poles or power lines, thereby causing a power outage, when the trees mature.

Dr. Louis Overholster claims to be a very modern man – so up-to-date that he is like today's economy: "My hair line is in recession. My stomach is a victim of inflation. And the combination of these factors is putting me into a deep depression!"

Sincerely



Editor/Publisher