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**Entrepreneurial City: Race, the Environment, and Growth in Austin, Texas, 1945-  
2011**

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**Entrepreneurial City: Race, the Environment, and Growth in Austin, Texas, 1945-  
2011**

by

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**Dissertation**

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## **Dedication**

To Ellen and Mike,  
who loved me enough to let me go.

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**Entrepreneurial City: Race, the Environment, and Growth in Austin, Texas, 1945-  
2011**

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The University of Texas at Austin, 2011

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The primary concern of this dissertation is to give historical perspective to the idea of the creative city and the creative, or “new,” “knowledge,” or “postindustrial” economy that has produced this new form of urban space. Austin, Texas, one of the developed world’s premiere creative cities, is used as a test case. Like many urban scholars, I focus on the manifestation of the city as a unique material expression of the capitalist order, and also on the city as a symbolic discourse that has helped to generate its material conditions, including consistent socioeconomic unevenness. In broad outline I am interested in the forces of capitalism that cause cities and regions to grow. I begin with a basic question asked by geographer Allen J. Scott: “How do competitive advantages (including capacities for creativity) of cities emerge, and how might they be enhanced by public action?” In the case of Austin, I argue that the city’s competitive advantage was engendered by an ethos that valued free market competition and a focus



on the dual economic engines of technology and leisure which city and university leaders identified during World War Two. Austin's economic ideology, which consciously eschewed fordist modes of production in favor of knowledge-based growth associated with the University of Texas, was poised to blossom when macroeconomic ruptures forced massive restructuring associated with globalization during and after the 1970s. The city's inherent advantage as a site of surplus knowledge production for Texas and the Southwest created a highly paid, educated labor market that business people and politicians viewed as the core element of a non-industrial city. Even before the 1970s Austin was well on its way to economic growth through technological accumulation and modes of production that took advantage of skilled labor markets. The creative city thus has a history that must be understood before policy is adopted based on non-transferable conditions of growth.

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## **INTRODUCTION: BETWEEN “CREATIVE CITY” AND “TECHNOPOLIS”**

In 1998, the Greater Austin Chamber of Commerce announced a new strategy for regional growth entitled “Next Century Economy.” Coming amidst the successful implementation of Mayor Kirk Watson’s smart growth initiatives, which sought to blend economic growth with environmental sustainability, and on the heels of attracting technology giant Samsung to the city in 1994 and the rise of Dell Computers, “Next Century Economy” boldly sought to continue rapid economic expansion for Austin and Central Texas. The report outlined three basic avenues for sustainable expansion and sustainable urban advantage. First, the city should work with technology companies to improve their communications and resource pipelines, facilitating growth and possibly engendering new firms or attracting existing ones. Second, Austin should focus on its natural environment and environmental sustainability as social assets that could be used as capital to attract and sustain businesses and other economic engines in Central Texas. Finally, the report suggested that the entire region create a regional problem-solving body that would benefit all municipalities and encourage municipal participation. Clearly, a regional focus was encouraged, which made sense considering the explosion of interregional and interurban competition that attended neoliberal, postindustrial geographic realignment, which began in the 1970s and has continued apace. Austin’s continued growth, both economic and demographic, and its impressive ability to weather

recent economic downturn, speak to the efficacy of “Next Century Economy” and to Austin’s municipal policies and institutions more broadly.

Austin’s success has not gone unnoticed among commentators, business publications, and “regeneration experts” such as Richard Florida. Among the many environmental, business, and livability awards Austin has won since 2000, the most prestigious and important may be the number one ranking on Florida’s “Creativity Index,” now the most fashionable method for measuring a city’s ability to attract top creative talent and grow successfully. Urban scholars have long agreed that in an era of highly mobile capital cities and regions increasingly compete with each other to attract businesses and that competition generally begins by offering businesses economic incentives like tax breaks and subsidies. Increasingly, however, urbanists are arguing that attracting business is as much about the social and cultural opportunities for creative laborers that a city has to offer as it is about economics. By now Florida’s theories are well known; his first book, *The Rise of the Creative Class: And how it’s Transforming Work, Leisure, Community and Everyday Life* (2002) was a best seller and an urban policy revelation. According to Florida, creative talent is attracted to liberal places that have a high level of social tolerance, diversity, a clean environment, and myriad recreational opportunities and cultural outlets. In this regard “cooler” cities have a competitive advantage. Cities should thus focus on implementing policies that attempt to create these conditions, which are essential for sustainable accumulation under current macroeconomic conditions.

Despite numerous criticisms and concerns, the creative thesis currently remains the most popular urban regeneration discourse among city planners, and academics are working with the basic concepts that Florida outlines.<sup>1</sup> An array of cities worldwide have welcomed Florida and his ideas, and in the United States many major cities like Denver, Memphis, and Milwaukee have adopted much of the creative class thesis into their policy decisions, to varying results.<sup>2</sup> A developer named Albert Ratner has begun building a suburb outside Albuquerque, called Mesa del Sol, with the specific purpose of attracting a creative class population. Even the most horrific of postfordist nightmare cities have attempted to adopt Florida's paradigm. The factory town of Flint, MI, made famous in Michael Moore's documentary *Roger and Me*, has been targeted for a creative makeover by the Governor of Michigan.<sup>3</sup> Urban scholars have also adopted elements of

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<sup>1</sup> Florida's critics are numerous. Jamie Peck, "Struggling with the Creative Class," *International Journal of Urban and Regional Research* 29.4 (December, 2005): 740-770, is perhaps the most comprehensive critique of Florida; the main criticisms stem from Florida's lack of sound methodology and his complicity with neoliberal regimes that are currently changing urban forms. Allen J. Scott, "Creative Cities: Conceptual Issues and Policy Questions," *Journal of Urban Affairs*, 28.1 (2006): 1-17, gives a global economic framework to the creative city phenomenon and addresses shortcomings with the actual implementation of creative theories from a policy perspective, particularly externalities such as economic bifurcation common to many creative cities. Michele Hoyman and Christopher Faricy, "It Take a Village: A Test of the Creative Class, Social Capital, and Human Capital Theories," *Urban Affairs Review* (January, 2009). Online version. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1313563](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1313563). Accessed January 7, 2011. Quantitatively refutes the creative class thesis, arguing that creative policies have negligible effect on urban and regional economies; Ann Markusen, "Urban Development and the Politics of a Creative Class: Evidence from a Study of Artists," *Environment and Planning A*, 10 (2006): 1921-1940, argues that the creative class has no cohesion as a concept because it simply takes a disparate group of laborers that have little relation to one another and labels them as a "class."

<sup>2</sup> Peck. "Struggling with the Creative Class."

<sup>3</sup> These examples were culled from Nicholas Lemann, "Get out of Town: Has the celebration of cities gone too far?" *The New Yorker*, June 27, 2011, 76-80. Flint remains one of the most dangerous American cities.

the creative class thesis into their theoretical systems. Geographer Allen J. Scott, while critical of much of the creative class thesis, builds on it when introducing what he calls the “cognitive-cultural dimensions of contemporary capitalism,” a remaking of the creative class worker in a broad framework of postfordist urban production systems.<sup>4</sup> Edensor et al. have recently published a book entitled *Spaces of Vernacular Creativity*, which argues for a wider definition of “creativity” and “creative workers” in the discourses of urban regeneration and civic boosterism.<sup>5</sup> A variety of other works have recently been published which focus on the “global knowledge economy,” “the creative economy,” and other ideas related to Florida.<sup>6</sup> Florida pinpoints Austin as the paradigm of creative agglomeration and hence economic and social prosperity in the new economy. In his 2005 book *Cities and the Creative Class* Florida points to “Next Century Economy” as a harbinger of Austin’s success and an example of what conscientious planning can do for a growing metropolitan region. Florida also argues that “Next Century Economy” implicitly advocates for the city to focus on leisure activities as a primary economic generator as well.<sup>7</sup>

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<sup>4</sup> Allen J. Scott, “Capitalism and Urbanization in a New Key? The Cognitive-Cultural Dimension,” *Social Forces* 85.4 (June, 2007): 1465-1482.

<sup>5</sup> Tim Edensor, Deborah Leslie, Steve Millington, and Norma Rantisi, *Spaces of Vernacular Creativity: Rethinking the Cultural Economy* (Hoboken, NJ: Taylor and Francis, 2009).

<sup>6</sup> Michael A. Peters, Simon Marginson, and Peter Murphy, *Creativity and the Global Knowledge Economy* (New York: Peter Lang, 2009); John Howkins, *The Creative Economy: How People Make Money from Ideas* (London: Allen Lane, 2001).

<sup>7</sup> Florida, *Cities and the Creative Class* (NY: Routledge, 2005), 66-67.

But in Austin, “Next Century Economy” reads much more as one in a long line of similar guiding texts for the city rather than as something current, different, or explicitly postindustrial. As early as the 1910s, Austin’s civic and business leaders recognized that the best method for growing the city’s economy was precisely to focus on what was *not* urban about Austin. For decades, Austin eschewed industrial development in favor of growth based on tourism, Austin’s natural environment, leisure, cultural production, and education. Regional planning and federal investment have been paramount to Austin’s growth since at least the New Deal. As early as the 1940s the city, understanding that its best resource was the University of Texas, began plans to make technology research and production central to Austin’s economy, and certain segments of the university have encouraged partnerships with private business since that time. Above all, Austin’s business leaders, politicians, and university leaders understood their entrepreneurial practices as framed by a competitive marketplace that rewarded aggressive efforts to attract increasingly mobile capital beginning after World War Two. Efforts through the 1950s and 1960s were highly successful, especially at the university, but growth expanded rapidly in the 1980s when the postindustrial shift was most acute. Austin was in a position to take advantage of macroeconomic changes that favored knowledge work, innovative organizational practices, and neoliberal business models, which were common in Austin for decades. What Florida and others see as part of a “new economy discourse” has been prevalent in Austin for quite some time, giving the city a large competitive advantage long before the term “competitive advantage” was in vogue.



The primary concern of this dissertation is to give historical perspective to the idea of the creative city and the creative, or “new,” “knowledge,” or “postindustrial” economy that has produced this new form of urban space. Austin, Texas, one of the developed world’s premiere creative cities, is used as a test case. Like many urban scholars, I focus on the manifestation of the city as a unique material expression of the capitalist order, and also on the city as a symbolic discourse that has helped to generate its material conditions, including consistent socioeconomic unevenness. In broad outline I am interested in the forces of capitalism that cause cities and regions to grow. I begin with a basic question asked by geographer Allen J. Scott: “How do competitive advantages (including capacities for creativity) of cities emerge, and how might they be enhanced by public action?”<sup>8</sup> In the case of Austin, I argue that the city’s competitive advantage was engendered by an ethos that valued free market competition and a focus on the dual economic engines of technology and leisure which city and university leaders identified during World War Two. Austin’s economic ideology, which consciously eschewed fordist modes of production in favor of knowledge-based growth associated with the University of Texas, was poised to blossom when macroeconomic ruptures forced massive restructuring associated with globalization during and after the 1970s. The city’s inherent advantage as a site of surplus knowledge production for Texas and the Southwest created a highly paid, educated labor market that business people and politicians viewed as the core element of a non-industrial city. Even before the 1970s

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<sup>8</sup> Scott, “Creative Cities: Conceptual Issues and Policy Questions.”

Austin was well on its way to economic growth through technological accumulation and modes of production that took advantage of skilled labor markets.

The dissertation adds to the already formidable body of literature that is critical of Florida's formulations, especially as the creative thesis relates to public policy implementation. While most criticisms focus on ideological tensions and poor methodology endemic to Florida's work, my intervention illustrates Austin's historical trajectory as a non-industrial city and locates the city's recent economic growth and social capital as the manifestation of historical processes set in motion decades ago. Like many critics, particularly Scott, I find that Florida has it backwards: economic growth and urban accumulation are determined largely by local modes of production and institutions that best harness local labor power. Creative work and creative culture generally flow from or are generated by the surplus of knowledge-based modes of production. Thus, local economic prowess tends to flow from top down, even though the value of skilled labor is very important to local economies. Harnessing that labor power is the key to sustained success. Urban growth is not directed by migration of labor based on cultural amenities, as Florida suggests. It is rather the outcome of complex relationships between labor, production, and consumption that unfold historically and geographically. In Austin, that means locating growth in particular modes of production that generated specialized labor markets and then high levels of surplus capital. In contrast to Florida's formulation, I find that much of the creative class in Austin was generated from surplus capital as the technological sector grew rapidly in the 1980s.

Florida also argues that creative cities generate particular externalities such as a socioeconomically bifurcated labor market where low skill workers are increasingly marginalized. While this argument is not wrong, it appears the widening chasm is characteristic of most cities, and of the general U.S. population, since the 1980s rather than being specific to creative cities. What is more, Austin has demonstrated a wide economic and social bifurcation, largely based on race, throughout much of the city's history. When compared by race, Austin's household income gap had stayed almost exactly the same since 1970. I argue that Austin's success, and many of its problems, are rooted in its specific history and geography, rather than in its capacity to attract creative workers with tolerance, diversity, or recreation. It was actually the antithesis of Florida's creative class - mostly middle aged, somewhat conservative white business men, politicians, and academics - who created Austin's economic foundations over decades. As such policy makers must be cautious in using Florida's system as a model. The creative city thus has a history that must be understood before policy is adopted based on non-transferable conditions of growth.

Another aim of the present work is to give historical context to urban growth in an effort to combat what I see as the increasingly neoliberal, quick-fix urban planning that is currently ascendant in popular culture. Florida, now an urban regeneration guru who owns his own consulting company and directs something called the Martin Prosperity Institute at the University of Toronto's business school, has also generated a pseudo-urban planning literature that appears ready to build off his success by packaging various

urban quick fixes for easy and smooth renewal. As academics have undermined Florida's arguments, a new, more profit-driven group of neoliberal planners has run with them. In 2003, the City of Austin's Economic Task Force used Florida's theories to justify development in an upscale model and to "enhance the cultural vitality of the community," which meant intensifying downtown redevelopment, among other things.<sup>9</sup> In 2008, Florida was again highlighted in the city's Downtown Redevelopment Plan, which sought the "neighborhoodization" of downtown in an effort to secure more residential tax dollars through upscale new urban infill development.<sup>10</sup> Joel Garreau, famous for his edge cities thesis in 1991, also owns an urban-focused consulting company, despite the many problems in his work. Recently, the popular and idiosyncratic *Aerotropolis: The Way We'll Live Next* by John Kasarda and Greg Lindsay makes the strange argument that a city's fortunes will increasingly be defined by the quality of its airport.<sup>11</sup> These easy, monolithic solutions may seem reasonable for urban planners who are often constrained by city budgets, politics, and other practical considerations, but any sustained historical study of urban growth reveals that successful economic policies are always the result of difficult, multifaceted, and sustained processes; even the most successful urban agglomerations also deal with wide-ranging social and economic problems that similarly

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<sup>9</sup> Texas Perspectives, Inc. "Austin's Economic Future: The Mayor's Task Force on the Economy: Subcommittee Findings," (Report, April 3, 2003).

<sup>10</sup> Roma Design Group+HR&A Advisers, Inc. "Downtown Austin Plan: Phase One: Issues and Opportunities," (Report: January 9, 2008).

<sup>11</sup> John Kasarda and Greg Lindsay, *Aerotropolis: The Way we'll Live Next* (New York: Farrar, Straus, and Giroux, 2011).

have no quick fix. Austin has generated high levels of socioeconomic unevenness for decades, long before there was anything urban about it. To understand how cities implement successful (or unsuccessful as the case may be) strategies for development, it is necessary to approach them from a historical perspective, rather than from a speculative position whose purpose is likely individual profit.

The creative class ideology has also become a kind of discursive validation for capital reappropriation of central city spaces, which is usually attended by social problems associated with urban revitalization and gentrification. In Austin, planners and developers initiated zoning changes and encouraged upscale development in the central city based on attracting urban-minded creative class workers while mitigating development in environmentally sensitive peripheral areas. This equation of economic development and environmental sustainability, carried out under the banner of Smart Growth, left out marginalized citizens who had been living in relatively stable neighborhoods for decades. Like many cities, Austin's historical minority communities are currently undergoing processes of decentralization and dispersal. As the creative class revalues the central city, non-creative citizens are forced to less desirable locations. Creativity is used as a theme to mask what is broadly a change in upper class tastes, i.e. to move downtown, and the attendant regulatory aspects of making the central city viable for their lifestyles. In Austin, what is new is the geography of creativity, not its social or economic aspects.

Most contemporary studies of creative cities, which focus on myriad urban agglomerations, lack rigorous historical analysis. Because most scholars of urban political economy are trained as geographers, sociologists, or economists, there has been a tendency towards the contemporary when discussing the production of urban space and the relationship of capitalism to the city. Most scholars who work in the political economic tradition of urbanism emerged during or after the 1970s, when fordism and Keynesianism were both in precipitous decline. Since then, ongoing processes of globalization, financialization, privatization, and deregulation at the macroeconomic changes have produced an array of new forms of spatial production, new labor market relations, and new forms of consumption. Documenting and analyzing these changes make up the brunt of work produced by urban scholars working in the political economic tradition.

Over the last three decades, scholars in a variety of humanities and social sciences have developed the term “neoliberalism” as an umbrella idea to describe the global macroeconomic regime and its political, social, and cultural apparatus evolving since roughly the 1970s. Due to external global competition and a stagnant level of industrial output, the Keynesian system, after twenty-five years of solid growth, ran into problems of accumulation as tax revenue declined to levels where the state could not support the myriad social programs it had created or the high levels of employment crucial for growth under Keynesianism. As a response to Keynesianism’s decline and falling levels of profit, by the late 1970s and especially in the 1980s the United States began adopting

policies of fiscal austerity, deregulation, and privatization aimed at restoring accumulation from the top down. In urban areas, most scholars argue that neoliberalism has had profound effects on spatial production that are linked to changing strategies of investment and new multinational conglomerates looking to profit from urban real estate and renewed forms of urban consumption. David Harvey has argued that the pressures created by federal disinvestment in urban programs and heavy levels of outmigration forced municipal governments to become entrepreneurial, meaning that they began aggressively seeking private capital investment in the 1980s. By the late 1980s and early 1990s, many older industrial cities were conducting centralized, high capital investment projects in and around downtown cores with the goal of bring middle class dollars, and hopefully tax revenue, back into the city. Ballparks, urban malls, urban entertainment destinations, and trendy boutiques and shopping districts, often subsidiaries of multinational corporations or national chains, became symbols of urban revitalization although they rarely had a positive economic or social impact on neighborhoods not targeted for development.<sup>12</sup> While the new urban geography continues to be mapped, little work tries to explain how some cities, barely on the urban landscape under Keynesianism, have flourished in a period of stagnation and decline for many older cities.

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<sup>12</sup> David Harvey, *A Brief History of Neoliberalism* (New York: Oxford University Press, 2006) and “From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism,” *Geografiska Annaler. Series B, Human Geography*, 71.1, *The Roots of Geographical Change: 1973 to the Present*. (1989): 3-17.; Jason Hackworth, *The Neoliberal City* (Ithaca, NY: Cornell University Press, 2007); John Hannigan, *Fantasy City: Pleasure and Profit in the Postmodern Metropolis* (New York: Routledge, 1998); Gerard Dumenil and Dominique Levy, *Capital Resurgent: Roots of the Neoliberal Revolution*, trans. Derek Jeffers (Cambridge: Harvard University Press, 2004).

But the past, and particularly the era before the 1970s, is often discussed in very broad macroeconomic terms, which has the ironic effect of flattening geographic differences under totalizing rubrics of national or global regimes of accumulation. Regional unevenness is not sufficiently addressed. Keynesianism incorporated a diverse set of practices that were not applied nor manifested evenly. In that vein, a final theme running through the narrative is that the ascent of the Sunbelt region since World War Two and especially since the 1980s is highly attributable to the Sunbelt's parochial economic and political culture. Even under Keynesianism, southern cities were aggressively entrepreneurial in trying to attract fixed capital investments and develop new leading economic sectors. They viewed the economic and geographic landscapes as competitive and channeled resources into building economies based on particular place-based characteristics. In Austin, this strategy entailed using the university's resources, the naturally pristine landscape, and the relatively skilled labor force as leading sectors of development. They likewise neglected many of the traditional managerial functions of urban government: infrastructure, schools, public facilities and the like, which allowed for the strict regulation of social relations, meaning that segregation and uneven distribution of services were easy to maintain. In fact in Austin segregation was facilitated precisely by uneven distribution of municipal services. Southern states and cities traditionally had less regulated business practices and a strong pro-business climate that favored low taxes, subsidies for economic development, and an aversion to labor organizations, even as Keynesianism reigned as the national economic policy. These



policies certainly constituted advantages as neoliberalism took shape during the 1970s, and in terms of attracting mobile capital they were successful long before that.

This is to say that in much of the South there was not much “neo” about neoliberalism. Even during the 1950s, with the economy and middle class growing at rates never before seen, a vocal minority of business interests attacked Keynesianism and organized labor throughout the U.S.<sup>13</sup> In the South, free market principles and anti-government ideology, sometimes ironically coinciding with heavy public investment, were remarkably consistent. In fact, despite a short-lived and uneasy acceptance of New Deal policies during the 1930s, Keynesianism was largely eschewed by city governments, who often were virtually synonymous with powerful urban business coalitions, sometimes as federal dollars for labor and infrastructure were funneled into the South. State governments in the South were so solicitous of federal involvement that they often declined monetary assistance, even when the money was allocated for use at the local level. Even in Austin, one of the few Texas cities to enthusiastically support New Deal policies, by the 1940s the business community demonstrated strong free market themes in its discourse and discouraged industrial growth in part because of the labor unions that inevitably attended industry. Many powerful Austinites hitched their wagon to Lyndon Johnson and his New Deal ties; but most did so because of how he injected federal capital into the region, not because of his penchant for large government

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<sup>13</sup> Elizabeth A. Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-1960* (Urbana: University of Illinois Press, 1994).

programs.<sup>14</sup> By the 1980s neoliberal urban entrepreneurship in Austin was actually accompanied by state sponsorship, as the University of Texas regents and some administrators began using public funds to attract private investment. In Austin, government was generally conceived as an entity used to facilitate accumulation.

Finally, Austin's greatest competitive advantages were the existing character of its labor market, the related nature of its leading productive sectors, and its non-industrial qualities. For many Austinites, keeping the city free of heavy industry and maintaining pristine natural qualities in and around Austin was vital to the city's quality of life. The suburban character of Austin's landscape was a significant source of civic pride for residents and politicians. As growth became inevitable, and desirable to some growth advocates, maintaining cleanliness and an overall suburban character in the city became paramount. During the 1950s and 1960s growth advocates determined that taking advantage of Austin's highly skilled and reproducible labor market and not industrializing the landscape could be accomplished by focusing on knowledge work. The presence of the university and the resources provided by it made this a logical approach to urban growth. The University of Texas and the City of Austin developed in consort around the related themes of knowledge production and free enterprise, ultimately creating a leading technological sector based on a polished blend of science

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<sup>14</sup> See, for example, Austin Chamber of Commerce, "Inventory"/Folder, "1944 Post War City Planning 'Inventory' File #1"/Box 21/Walter E. Long Papers/Austin History Center, Texas which is a list of nearly 250 ideas that the Chamber of Commerce listed during a 1944 meeting to envision their postwar city. This is only one of numerous examples of virulent free market discourse that permeated the Chamber of Commerce and some elements of the university and City Council from the 1940s through the 1960s.

knowledge and business acumen. By the 1980s, when Reagan simultaneously initiated programs of social austerity, many of which had deleterious effects on cities, and spectacular levels of defense-related research and development spending, the university and city were in a prime position to benefit. This was a complex process that evolved over time and created the economic and material conditions necessary for the emergence of a cognitive-cultural economy in Austin.

Studying Austin now makes sense from a historic and demographic perspective. Aside from the myriad accolades that the city has received, in terms of economic prowess, environmental initiatives, and quality of life reports, it has also grown remarkably in recent decades. The Austin metropolitan statistical area (MSA) has grown by close to 600 percent since 1970 and topped 1.7 million residents in 2010. Recent growth has been even more dramatic. Between 1990 and 2000, the Austin MSA was the fastest growing region among U.S. MSAs with over 500,000 residents. Between 2000 and 2009, the Austin MSA grew by over thirty-six percent. Out of the fifty largest metro areas, only the housing-fueled boomtown of Las Vegas grew by a higher percentage. Austin itself is now the fourteenth largest city in the U.S. Between 2000 and 2010, the Austin MSA grew more than the Los Angeles and Chicago MSAs in terms of real population growth, indicating a high capacity for continued demographic explosion. Although it will not be turning into New York or even Dallas anytime soon, Austin's increase in population is indicative of its robust economy, even during difficult economic

times.<sup>15</sup> Amidst Austin's robust growth, it is somewhat ironic that the city had also lost real African American population consistently for the last thirty years. As of 2010, Travis County had a higher percentage of African Americans than the City of Austin, an anomaly for large U.S. cities. Neither percentage, however, is near the national or regional average for African Americans, who have been losing population share in the region since 1940. Clearly, African American Austinites are not experiencing the same level of economic growth nor social happiness as the general population in and around Austin.

While two recent books deal with grassroots attempts to manage growth and preserve unique heritage in Austin, no work exists that examines the root causes of Austin's growth or deals with the historical socioeconomic unevenness of the city.<sup>16</sup> They

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<sup>15</sup> Many studies have found Austin has the best local economy through the current recession. One is reported from CBS in Anthony Mason, "Austin, Texas Leads Nation in Job Growth," January 8, 2011. <http://www.cbsnews.com/stories/2011/01/07/eveningnews/main7224063.shtml>, accessed August 29, 2011. Kiplinger's rated Austin the number one city for personal business over the next decade in 2011, according to MSNBC, <http://businessonmain.msn.com/videos/newsonmain.aspx?cp-documentid=26265342&source=URLCOPY#fbid=ZwD8ZnG5FW1>, accessed August 26, 2011. *Forbes* also considers Austin the top U.S. growth pole among SMAs with over one million residents. See Joel Kotkin, "The Next Big Boomtown in the U.S.," July, 11, 2011, <http://finance.yahoo.com/career-work/article/113083/next-big-boom-towns-forbes>, accessed July 12, 2011 and Francesca Levy, "Cities where the Recession is Easing," *Forbes*, March 3, 2010, <http://realestate.yahoo.com/promo/cities-where-the-recession-is-easing.html>, accessed March 9, 2010. *Time* ran an article on Austin's success during the recession as well. Barbara Kiviat, "The Workforce: Where will the New Jobs Come From?" *Time*, March 19, 2010. <http://www.time.com/time/magazine/article/0,9171,1973292,00.html>, accessed August 3, 2010.

<sup>16</sup> William Scott Swearingen, *Environmental City: People, Place, Politics, and the Meaning of Modern Austin* (Austin: University of Texas Press, 2010); Joshua Long, *Weird City: Sense of Place and Creative Resistance in Austin, Texas* (Austin: University of Texas Press, 2011). For criticisms of these works, see Andrew M. Busch, "Whose 'Sense of Place?' *Topophilia*, the Grassroots, and Urbanization in Austin, Texas," *American Quarterly*, 63.2 (June, 2011): 395-404.

are, however, the first book length academic projects to be published on Austin since Anthony Orum's *Power, Money, and the People* in 1987, which is the only both length academic project to attempt a broad history of the city.

As a work of urban history, this dissertation relies upon myriad types of historical and archival documents and works within a decidedly historical methodological framework. Because the dissertation analyzes Austin and I currently live here, I chose to focus on primary materials while I could. I attempt to recreate and interpret the past. I use newspapers and promotional literature to demonstrate the themes that Austin's growth advocates focused upon when promoting the city to businesses, tourists, and potential relocators and to illuminate Austin's historical landscapes. Public documents relating to the University of Texas as well as private correspondence and numerous informative brochures allowed me to describe how university administrators and economic elites envisioned the growth of their city and school together and how ordinary citizens felt about their downtown parks or their segregated neighborhoods. Numerous letters, statistical analyses, and urban renewal literature made recreating the brutal conditions that minorities in East Austin suffered through a particularly heart wrenching task. The wealth of literature produced by academic capitalists at UT during the 1980s and 1990s, as well as public documents pertaining to Austin's attempts to attract research consortia, provided a blueprint for university generation of private wealth that is closely tied to creativity in Austin. The final chapter represents a slight change in methodology and adopts a more theoretical, speculative approach to contemporary Austin, although it

maintains the same focus on the complicated blend of political economy, discourse, and landscape that the entire dissertation engages with.

Chapter one provides the infrastructural and symbolic background for growth in the creative city. The chapter looks at the federally-sponsored hydroelectric dams and reservoirs they created in Austin and central Texas from the 1930s until 1960, and argues that water – for power, residential usage, and recreation – became central to the city’s identity and economy. The modernity that the dams ushered in for the region became a tool that the city used to market itself as both pastoral and urban. Water, and its primary place in the region’s natural landscape, became the central themes that citizens used to define Austin and that promoters used to imagine a bucolic, natural city and to market it as such to postwar Americans with more money to spend on recreation. Consistent water supply and a pristine natural environment allowed Austin to differentiate itself from the rest of the arid southwest. The confluence of economy, recreation, and civic pride was best displayed in Aquafest, Austin’s annual celebration of water and local culture which became one of the largest festivals in the U.S. during the 1960s and encouraged tourists to view Austin as the center of a large, natural landscape dominated by water-based recreation. At the same time, the geography of water-related improvements in Austin demonstrated severe unevenness based on existing race and class relationships in the city.

Chapter two explores the origins of Austin’s knowledge economy by looking at municipal and university attempts to initiate accumulation in the era following World War Two. Most macroeconomic social theorists, including Richard Florida, David

Harvey, and Manuel Castells, date the rise of the knowledge economy in the 1980s and link it to the postfordist shift away from industrial production. Many of these theorists fail to sufficiently explain why new geographic hotspots, many of which are located in the American south and southwest, were able to quickly take advantage of widespread changes in the regime of accumulation. While the knowledge economy may have been subordinate to industrialism during Keynesianism in more industrialized areas, in Austin this was not the case. In fact the primary aim of growth advocates in Austin during the 1950s and 1960s was to develop an economy that could absorb the city's robust skilled labor market without producing the pollution and labor externalities associated with urban growth. These efforts were complemented by an intensification of science and engineering apparatus at the University of Texas and subtle shifts in university policy to facilitate growth in research. Chapter Two suggests that cities like Austin, which had skilled labor pools but little heavy industry, focused on the knowledge and research sectors as primary forms of accumulation much earlier than has been suggested in most cities. Attempts to cultivate the knowledge economy in 1950s and 1960s gave Austin and the university a technological base by the late 1960s and a competitive advantage when global rhythms of production changed sharply in the 1980s.

Chapter three focuses on the increasing geographic and social unevenness produced by Austin's boom in the 1960s and how that unevenness contributed to the failure of public planning initiatives in the 1970s. While racial discrimination and segregation were always inscribed upon Austin's landscape, economic growth during the

1960s exacerbated difference and created even more profound levels of economic unevenness and an increase in racial social regulation. The chapter details Austin's economic growth and existing racial gap and then documents increasing levels of racial oppression, both institutional and grassroots, demonstrated by the city's Anglo communities in the 1950s and 1960s. The implementation of urban renewal in the interest of capital, the defeat of open housing, and blatant discrimination in the public school system kept the city heavily segregated and also precluded any interracial collective consumption. Elements associated with the dark side of urbanity – poverty, industry, unsightliness, highly concentrated minority populations – were increasingly segregated together away from sites of civic pride and social prestige in Austin. When Austin's progressive planning commission instituted the democratic Austin Tomorrow Comprehensive Plan in the 1970s, the city was too fractured by race to produce a useable ideal for even urban growth. It funneled growth into channels based on environmental, rather than social, sustainability. The planning commission's focus on neighborhood-based planning also precluded interracial organization and ultimately perpetuated unevenness in Austin. In Austin's case, a large economic and social gap existed long before the institutionalization of a creative class; longstanding social and income gaps are rather the outcome of racist practices and uneven development in Austin.

Chapter four addresses the maturation of Austin knowledge economy in the 1980s, when the city emerged as a nationally recognized center of technology research and semiconductor manufacturing and underwent intense demographic and economic



growth. I argue that Austin's growth during the period was created by a synthesis of business ideology and practice and technological production best described as "technopolis," the term that administrator George Kozmetsky and his Institute for Constructive Capitalism (ICC), the organization that discursively validated technology commercialization and corporatized the university, used to imagine their vision for Austin. The technopolis harnessed public investment capital, much of it in the form of defense-related spending, and generated private profit for the local economy from it. The University of Texas's ability to free investment capital was central to this process. The relationship between the university, private business, the state government, and the military-industrial-academic complex under Reagan characterized Austin's growth and was the primary contributing factor to the city's scientific creative sector in the 1990s. The surplus generated during Austin's two technopolis-driven booms, between roughly 1981 and 1987 and throughout most of the 1990s, fueled a particular mode of upscale production and service largely associated with elements of creativity. Thus, the mix of federal military spending and public-private business development in Austin characterizes the direct antecedent of the creative component of Austin. Hence, urban redevelopment paradigms that cater to the consumption tastes of creative class workers, instead of production-driven forms of capital, are unlikely to succeed.

Finally, Chapter Five address the relationship between changing patterns of development, race, environmentalism, and consumption in Austin during the 1990s and 2000s. After an economic explosion in the 1990s and bitter disputes over Austin's

geography of development, in 1997 Mayor Kirk Watson instituted a program known as the Smart Growth Initiative (SGI), which shifted development away from the environmentally pristine western section and toward the central city. The effects were profound; capital recolonized the central area over the following decade, causing huge spikes in real estate prices, gentrification, and a new regime of consumption that values urbanity, environmentalism, and small batch production. This radical shift in Austin's geography of investment has revalorized the central city and remade it in the interests of socioeconomic and cultural elites. The central city has become increasingly white and upper class as poor minority residents have been forced from their historic neighborhoods to outer neighborhoods or suburbs. I argue that, despite an increased awareness of environmental concerns and modes of production, from a social perspective Austin is actually declining in terms of sustainability as citizens without sufficient social and economic capital are simply transferred to less desirable areas. The end result is a revitalized downtown area that maintains a suburban demographic profile and an increasingly lower and working class profile in designated outer areas. Centralization thus reflects a shift in upscale consumption habits and tastes and a colonization of inner city space under the logic of capital, much more than community "revitalization."

It would of course be spurious to make the claim that Austin is a template for urban growth in the twenty-first century or that Austin is somehow emblematic of contemporary American urban growth. But, from a policy perspective, I believe that there is much that can be learned from studying Austin. There can be little doubt that it is

among the forerunners of American cities in terms of social and cultural capital as well as economic fortunes. It is also among a group of rapidly growing cities – Charlotte, Albuquerque, Portland, Columbus, Nashville, Orlando, Salt Lake City, Oklahoma City – that remain sparsely documented in urban history and urban geography literature. Even larger Sunbelt cities, most of which are among the fastest growing in the United States, remain understudied over the last twenty years. *Forbes* cites demographer Wendell Cox, who projects that it will be more manageable mid-sized cities that will demonstrate the highest rates of growth in the next forty years.<sup>17</sup> If regional trends continue, most of these growing cities will be in the South and West. Although it is likely that globalization is precipitating regional convergence in the U.S., the demographic, economic, political, and social character of Sunbelt cities remains different from older, Northern and Eastern cities. As this dissertation shows, the historical differences in city development are even more profound, and are directly related to contemporary urban forms and functions and, in some ways, to the successes and failures of regional and urban policies. If this is the case, it makes sense to begin sustained analysis of these growing regions now.

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<sup>17</sup> Joel Kotkin, “The Fastest Growing Cities in the U.S.,” *Forbes*, October 11, 2010, <http://realestate.yahoo.com/promo/the-fastest-growing-cities-in-the-us.html>, accessed October 13, 2010.

## CHAPTER ONE “A Mighty Bulwark Against the Blind and Raging Forces of Nature” to “Nature’s City”: Water, Infrastructure, and Imagination, 1934-1966

*“Most of us who had not been to Texas had the image that most people had. You go to Dallas or Houston, and you watch “Giant,” and you think that’s the state. In the brochure that Austin’s Chamber of Commerce had prepared to sell the city, there is water in every scene. It’s a picture of Town Lake, or it’s a picture of Lake Travis. . . . When I took the helicopter ride over Austin, I looked down at Lake Travis, and I thought: ‘Boy, that would be a beautiful place to have my boat.’”<sup>1</sup>*

Eighteen-ninety-three was a pivotal year for Austin and for the United States. The Panic of 1893, signaled by the failure of the Philadelphia and Reading Railroad in February of that year, was putting an expeditious close to the railroad boom of the 1880s and portending a decade of high unemployment and weak currency on Wall Street. Agricultural uprisings mobilized Southern and Western farmers against Eastern moneyed interests, manifesting themselves in the People’s Party whose candidate James Weaver won nearly nine percent of the popular Presidential vote in 1892. Labor unrest was also on the ascent; violent battles fought in Chicago and in Homestead, Pennsylvania, and a series of other strikes between 1885 and 1893 undercut the supremacy of industrial capitalism and cast yet another shadow on the unchecked growth of the American economy. Perhaps because the more established cities were in such turmoil, in 1893 *Harper’s*

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<sup>1</sup> Robert Rutishauser, Micro Electronics and Computer Corporation Site Selection Team, on what appealed to him about Austin. Taken from David V. Gibson and Everett M. Rodgers, *R&D Collaboration on Trial: The Microelectronics and Computer Corporation* (Boston: Harvard Business School Press, 1994), 169. The interview took place on January 23, 1987.

*Weekly* chose to come all the way from panicked Manhattan, bypassing the Midwestern heartland's factory towns, to do a story on Austin, the capitol city of Texas and home to its new university. It was a positive story filled with hopeful news and looking to a brighter future for a young area which the author imagined to be unburdened by the problems of the 1890s.

The short piece, entitled "Engineering Triumphs in Texas," packed much general information about Austin as well as civic booster rhetoric common to the Gilded Age. Contrary to popular opinion on the East coast, Texas was not a frontier outpost, "home of the outlaw and desperado" with "rough riders, quicker shooters, hard drinkers." Such stereotypes, the article continued, "do a serious injustice to the largest State in the Union, and to the public spirit and intelligence of a people whose efforts have secured to Texas a rate of progress in the accumulation of wealth and population and in advancement towards a high state of civilization second to no other in America." The beautiful State-house is mentioned as is the University, which "quite possibl[y] . . . may some day be the greatest seat of learning in the Western world." Austin, the article goes on, is ready to change places with Boston and become the modern Athens. And what will be the economic engine for this all but certain growth? The new high water dam at Austin, recently completed and a symbol of the "great public spirit in new enterprises, and a capacity to deal with large public improvements in a large way." The Colorado River, as of yet not contributing anything worth mentioning

to the city's wealth and prosperity, and in fact detracting from the city's value with floods and droughts, must be harnessed and put to work by the large engineering marvel. When finally and fully completed the \$1.4 million structure, financed with municipal bonds, will give the city much needed flood protection and also be able to deliver over 14,000 horsepower for 60 hours a week to Austin. An engineer predicted the dam and its power would bring 19,000 new jobs to Austin, and allow the city to grow to its proper urban dimensions; "when Austin grows up to its water power it will be a big place indeed."<sup>2</sup>

"Engineering Triumphs in Texas" makes clear issues that would be central to Austin's development well into the twentieth century. The foremost issue for most Austinites, and for most Central Texas residents, was also the article's central concern: controlling and harnessing nature, and making the Colorado River "work" for the people. As for many burgeoning Western and Southern cities in the late nineteenth century, the relationship between the urban and the natural was paramount in Austin. The site of the city was chosen hastily in 1839 by Texas President Mirabeau Lamar, not for its natural advantages but for political expediency, its central location, and simply because Lamar liked it. By 1891, though, the river was all that stood in the way of Austin's commercial success. John Bogart, the State Engineer of New York, envisioned incredible

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<sup>2</sup> N.A., "Engineering Triumphs in Texas," *Harper's Weekly*, 1893.

manufacturing growth for Austin because the dam would bring “the finest water power in the United States.” Austin’s Commercial Club envisioned enhanced industrial growth, but also a more consistent leisure economy based on Austin’s sense of place after the dam was completed. They wrote that “the city has recuperative power in its almost magic atmosphere which is generally lacking elsewhere.” This early attempt to define and differentiate Austin was based, at least to some degree, on its water. The Colorado was not navigable, nor was its flow consistent, however. It was prone to months of drought and also to heavy, dangerous flooding due to Central Texas’s violent and extreme weather patterns. Of course harnessing the unpredictable river was the key to the region’s prosperity and also to the growth of Austin as a city.<sup>3</sup>

In the few years following the completion of the dam in 1895, it became evident that the “Engineering Triumph” so lauded by *Harper’s* was anything but a triumph. The granite and limestone structure, just sixty-eight feet high and sixty-six feet wide at its base, was not securely anchored to the rocky soil that makes up the ground in most of Central Texas. Within months of completion the dam began to show cracks in its base which let small amounts of water through, and water was also passing directly underneath the dam. The leaks became ever more

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<sup>3</sup> “Engineering Triumphs in Texas;” Austin Commercial Club, “Austin, Texas, The Future Great Manufacturing Center of the South. The Healthiest City in the South. Facts for Consideration of Tourists, Home-Seekers, Investors, Manufacturers, and Merchants,” (Pamphlet, 1891). Quotes on 13 and 21.

apparent over the following years, until in April 1900, the first major flood since the completion of the dam came roaring down the river, destroying the dam and power generating station, and leaving over \$9 million worth of property damage and forty-seven fatalities in its wake. A large portion of the destroyed dam sat in the river near downtown Austin for many years after the flood, a constant and obvious reminder that the city was still at the mercy of the Colorado, rather than the subjugator of it.<sup>4</sup>

From its outset, then, Austin's urban growth was linked to the Colorado River. Multiple efforts to dam the river, undertaken by a variety of public and private interests in the years following the flood of 1900, failed miserably, leaving the city without a consistent source of power or water and with a consistent source of anxiety and misery for residents of both Austin and surrounding rural areas. The river periodically wiped out most of the city, and at other times left it completely dry; Austin's attempts to attract manufactories and industries failed because of this lack of consistent power. It was not until the State of Texas created the Lower Colorado River Authority (LCRA) in 1934 that any meaningful infrastructure was developed on the river. After the system of dams was completed and the region was safe from both flood and drought, Austin grew at a

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<sup>4</sup> See John A. Adams, *Damming the Colorado: The Rise of the Lower Colorado River Authority* (College Station, TX: Texas A&M University Press, 1990), 5-10; John MacDonald, "The Great Dam and Water and Light System at Austin, Texas," (Austin: Eugene von Boeckman, 1893); Thomas U. Taylor, *The Austin Dam* (Washington, DC: Government Printing Office, 1900).



greater rate than ever before and finally attracted some of the basic industry and capital investments city leaders had long sought. Harnessing the river was the first step in creating the a natural landscape that could support a modern city.

While much is written about the New Deal's impact on rural electrification and infrastructural improvements in the South and West, far less attention has been paid to the role of New Deal planning on urban growth. This chapter begins by discussing the LCRA, New Deal, and welfare capitalism, or embedded liberalism, in the 1930s and 1940s, which provided the capital and leadership to finish the long-imagined dam projects that provided flood control, hydroelectric power, irrigation, and recreation to Central Texas. I argue that the dams provided the key infrastructure that made the future growth of Austin, and Central Texas more broadly, possible. The dams and their attendant reservoirs became both symbols of modernity, progress, and pride for Central Texas and other welfare state liberals, and economic engines for a region lacking core industries, integrated businesses, and often times the basic necessities of modern life. They also created recreational and tourist attractions that quickly became economic benefits to the area, many of which evolved into Austin's primary leisure attraction. I follow Jason Scott Smith and Jordan A. Schwartz in arguing that the New Deal must be viewed as a set of programs whose greatest historical significance is the creation of public infrastructure necessary to the United

States's postwar economic boom, rather than merely as a temporary recovery measure.<sup>5</sup>

This boom was of course geographically uneven, both in terms of region and within specific urban agglomerations, because capital, even that invested by the state, tends towards areas where its rate of return is highest.<sup>6</sup> The New Deal sought to distribute capital to areas that were previously considered underdeveloped, and of course became one of the primary drivers for the postwar "Sunbelt" shift even though many Southern regions were initially reluctant to accept federal capital investment. Fixed capital, such as the dams and lakes, was exceptionally valuable to regional development in places like Austin. Unlike much of Texas and the South, Austin leaders and national politicians from Central Texas quickly jumped on the New Deal bandwagon, and the region consequently garnered more New Deal funding per capita than any other area in Texas.

Austinites were much more comfortable accepting outside money and influence than were most Southern areas, and their openness to federal dollars built the

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<sup>5</sup> Jason Scott Smith, *Building New Deal Liberalism: The Political Economy of Public Works* (New York: Cambridge University Press, 2006), 8-15. Smith gives a brief but important historiography of New Deal scholarship from the left, arguing that ultimately, "public works programs were the New Deal's central enterprise." Smith goes on to poignantly quote Jordan A. Schwartz, who argues that the New Deal was primarily "a massive government recapitalization for purposes of economic development" and that it "sought to create long term markets by building an infrastructure in undeveloped region." This last argument is particularly relevant to Austin. Jordan A. Schwartz, *The New Dealers: Power Politics in the Age of Roosevelt* (New York: Knopf, 1993), x.

<sup>6</sup> This argument is typical of Marxist geographers. It is explained very well in Neil Smith, *Uneven Development: Nature Capital and the Production of Space* (New York: Blackwell, 1984), conclusion.

region's infrastructure quickly, giving it a series of advantages over other Texas cities. No other area in Texas had the consistent water supply, consistent power, or recreational opportunities that Austin could offer in an increasingly competitive urban and regional marketplace. It was not until after the war, however, that Austin became a primary urban center based around information technology and recreation. In this way Austin and Central Texas were also "entrepreneurial" in the sense that politicians and business leaders actively sought both public and private capital for the benefit of the region.<sup>7</sup>

While the dams and reservoirs allowed for great changes in the physical and economic landscape of Austin and Central Texas, they also engendered a change in the ideology and discourse of the region which was very significant to the region's growth. The pragmatic, rural concerns - electrification, flood control, and irrigation - of earlier reclamation advocates such as Alvin Wirtz, Lyndon Johnson, and Fritz Englehart, quickly gave way to economic initiatives in a postwar culture driven by consumption-fueled growth paradigms. Analysis of the techniques Austin used to market itself makes up the bulk of this chapter. As

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<sup>7</sup> David Harvey, "From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism," in *Geografiska Annaler. Series B, Human Geography*, 71.1, The Roots of Geographical Change: 1973 to the Present. (1989): 3-17. Harvey argues that municipal governments underwent a change in governance in the 1970s associated with the shift towards neoliberal economic policy and a postfordist mode of production where cities began to actively seek out capital by creating climates conducive to attracting business. Austin and Central Texas actually began this trend much earlier. For Texas's and the South's share of New Deal federal expenditures, see Gavin Wright, *Old South, New South: Revolutions in the Southern Economy Since the Civil War* (New York: Basic Books, 1986), 260.

disposable income and consumption increased, so did Austin's focus on attracting capital and revenue through water-based tourism and improvements. Consistent water supply, cheap power, and especially water-based recreation allowed Austin to differentiate itself from the more arid Southwest and other metropolitan areas in Texas that could not offer such amenities. Austin was able to characterize itself as unique and fun because of its water resources, and it quickly built a substantial tourist industry along with its nascent industrial and informational economic components, and a strong educational presence, between World War Two and 1970. The culmination of this cultural "water ideology" was Austin's annual celebration Aquafest, which debuted in 1962 and grew into one of the Southwest's largest tourist festivals by the late 1960s. Aquafest was simultaneously a celebration of Austin's water resources and a marketing technique that encouraged tourists to engage with the region's natural and cultural landscape.

Between the pragmatic, austere 1930s and the consumption-oriented 1960s another ideological transformation occurred in Austin's symbolic landscape. From a pragmatic and rhetorical perspective, the dams were technologies whose primary purpose was to civilize the natural landscape, make it safe for human habitation, and bring modernity in the form of electricity, irrigation, and economic stability to Central Texas. Early conservation advocates used idioms of domination and ingenuity to describe the process of "harnessing"

the river for human use. This type of language had largely disappeared by the early 1950s, when growth ideologies, usually engendered by quasi-public organizations like the Chamber of Commerce, began to dominate water rhetoric in Austin and its Western hinterland along the watershed. By the 1960s promotional guidebooks, pro-growth businessmen, and even Austin's nature proponents had adopted the opposite idea, that the lakes and pastoral landscape naturalized the city in a way that made it eminently more livable and enjoyable than other urban areas. The city's natural beauty and a kind of cooperation between technology and the natural environment were lauded because they kept Austin from being too urban, a common worry during an era of intense suburbanization and growing concern over a variety of urban problems associated with blight and racial tensions in many cities. Quietly, Austin advertised itself as a particularly harmonious balance between civilization and nature that differentiated it from other cities.<sup>8</sup>

Even though Austin's emergence and success are relatively recent phenomena, to understand the city today it is essential to contextualize it historically. It is crucial to understand the conditions that allowed for rapid growth as well as the early institutions that made that growth possible. Recent works on Austin tend to situate the city's "creation myth" in the late 1960s and

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<sup>8</sup> For the "urban pastoral," see James L. Machor, *Pastoral Cities: Urban Ideals and the Symbolic Landscape of America* (Madison: University of Wisconsin Press, 1987).

early 1970s. These books usually point to the origination of Austin’s cultural production – the film industry, the independent music scene, the environmental movement, and the counterculture – as the beginning of Austin’s narrative as a place. While there is no doubt that the 1960s and 1970s were critical decades of rapid growth and change for Austin, the roots of urbanization can be traced back to the 1930s. More importantly, changes to Austin’s natural landscape laid the groundwork for marketing initiatives that in time defined Austin’s cultural sense of place.<sup>9</sup>

Furthermore, Austin’s water-based place marketing, which was evident long before place marketing became fashionable after deindustrialization intensified under neoliberal regimes in the 1970s and 1980s, gave the city an early competitive advantage. It also clearly predates most notions of when place marketing and urban entrepreneurialism took hold. For example, Andrew Bradley and Tim Hall write “selling or marketing particular geographical locality has emerged as a central part of the contemporary process of inter-urban competition for global capital. . . . In this competition, place attributes and local cultural

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<sup>9</sup> See especially, William Swearingen, Jr., *Environmental City: People, Place, Politics, and the Meaning of Modern Austin* (Austin: University of Texas Press, 2010) and Justin Long, *Weird City: Sense of Place and Creative Resistance in Austin, Texas* (Austin: University of Texas Press, 2010). Other books that begin Austin’s narrative in the 1970s are *Chainsaws, Slackers, and Spykids: Thirty Years of Filmmaking in Austin, Texas* (Austin: University of Texas Press, 2010) by Alison Macor and *Dissonant Identities: The Rock ‘n’ Roll Scene in Austin, Texas* (Hanover, NH: University of New England Press, 1994) by Barry Shank, but these books do not argue about urbanization per se. For criticism of the first three books, see Andrew M. Busch, “Whose ‘Sense of Place?’ *Topophilia*, the Grassroots, and Urbanization in Austin, Texas,” *American Quarterly*, 63.2 (June, 2011): 399-408.

identities are often used in the form of ‘cultural capital’ to project an alluring image to potential residents, investors and visitors.”<sup>10</sup> The transformation from a reliance on industry and manufacturing to place marketing and cultural capital is assumed to take place in the period marked by deindustrialization and the beginnings of neoliberalism. Clearly, Austin was engaging in practices designed to attract capital, stimulate consumption, and encourage place-based leisure activities long before neoliberal regimes took over in Europe and the United States. Unlike most older, larger cities, in the 1950s and 1960s Austin did not have an economy based on industry or manufacturing. It thus needed a different mechanism to attract capital, and it focused on the culture and leisure, at the time a kind of niche marketing. As macroeconomic changes downsized industry, however, Austin found itself far ahead of older cities in terms of place marketing; it also did not have to deal with a shrinking tax base, an antiquated industrial infrastructure, or a displaced, low skill workforce that characterized deindustrialized urban terrain. In fact its success was largely based on its lack of those attributes and its emphasis on being a place with urban amenities complimented by a pristine natural environment.

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<sup>10</sup> Andrew Bradley and Tim Hall, “The Festival Phenomenon: Festivals, Events and the Promotion of Small Urban Areas,” in David Bell and Mark Jayne, eds., *Small Cities: Urban Experience Beyond the Metropolis* (New York: Routledge, 2006): 77-90. Quoted on 77.

## **“Harnessing the River” before 1934**

Myriad attempts to improve the river, for both navigation purposes and for flood control, failed consistently in Austin from the city’s founding through the 1920s. The river was by far the largest obstacle for the city in terms of growth, but it was also consistently recognized as a potential benefit by boosters, businessmen, and engineers alike. “Harnessing the River” therefore was of central concern to a healthy, prosperous region. Attempts from both the private sector and municipally financed projects were hindered by insufficient funding and by lack of technical expertise; none were able to build usable dams or make the river navigable for more than a few years. As a result, Austin was not able to attract any manufacturing industries because of an inconsistent water supply, lack of electrical power, and threat of flood. Austin’s agricultural hinterlands likewise remained sparsely populated without a consistent water supply or local market for their products.

Like many government cities, Austin’s site was based on what was considered an advantageous location for state politics rather than on specific geographic or geological superiority. The Congress of the Republic of Texas, writing to Mirabeau Lamar in 1839, expressly argued that Austin should be located on the Colorado rather than the Brazos River despite the “supposed



superiority of the land” near the Brazos.<sup>11</sup> While Lamar and others believed that the Colorado was navigable, it quickly became evident that this was not the case. Just four years after Austin was founded, the river rose thirty-six feet above its normal level, destroying much of the small town and punishing the agricultural lands down river from Austin. The Colorado Navigation Company, founded in 1851, used a small federal grant to improve the river for navigation in 1854, but by 1860 the river was no longer navigable due to lack of upkeep.

The failures of the Austin dam project in 1900 were replicated with minor variations throughout the next twenty-five years, when multiple efforts financed largely by public-private partnerships were never able to gain any traction. One problem was the topography and geology of the riverbed. The U.S. Geological Survey in 1898 concluded that the original 1893 structure was faulty. A 1904 study by a local water expert confirmed the findings: the storage capacity of the dam had been cut in half by 1900 due to silt build up that was unrecognized by earlier engineers. Between 1891 and 1908, the U.S. Army Corps of Engineers filed eleven reports which collectively surmised that improvements on the river were not feasible and that the US government should not take any actions. The river, though, was even more of a problem during this period. The Colorado flooded twenty times between 1900 and 1915, causing over \$23 million in

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<sup>11</sup> Earnest W. Winkler, “The Permanent Location of the Seat of Government,” *Texas Historical Quarterly* 10 (January, 1907), 217-218, quoted in Adams, *Damming the Colorado*, 8.

property damage and at least forty-nine lives. The city again tried to rebuild the Austin dam in 1912, but it was destroyed by another flood in 1915.<sup>12</sup>

The failure of the second Austin dam and the high occurrence of river-related problems did have the effect of galvanizing different interests into larger associations whose main purpose was to control the river. Concentrating enough capital and technical expertise was still an enormous issue, however, and the main limitation to improvement. The Colorado River Improvement Association, formed after the second dam was destroyed in 1915, was largely a group of landowners and farmers living on the river or near it. The group was able to win an appropriation from the U.S. government to undertake a survey of the Colorado watershed as part of the Rivers and Harbors Act of 1916. The report would prove to be the cornerstone for future improvement initiatives. In its final 1919 report, the Army Corps of Engineers provided the basic geological and technical framework that that informed all future work on the river, although navigation was its primary focus. The report detailed the river's propensity to flood; Central Texas periodically experiences some of the highest concentration of rainfall anywhere in the United States. The rocky surfaces of the Balcones Escarpment, north and west of Austin, cannot absorb much rainfall and funnel storm water directly to the area's rivers, streams, and creeks. The results of flooding

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<sup>12</sup> Adams, *Damming the Colorado*, 9-12.

were spectacular and devastating. Likewise, long droughts in Central Texas meant that farmers along the river, and rice farmers farther downriver near the coast, were without a consistent source of water. The Army Corp recommended a series of multipurpose dams above Austin as the only lasting solution to the flooding problem on the river. The report, however, did not recommend Federal funding for the project, and the swift growth of railroad transportation linking Austin to other parts of the state indicated a greatly diminished need for a navigable river.<sup>13</sup>

The State of Texas also took some initial action by approving a conservation amendment to the Texas constitution in 1917. Essentially, the amendment allowed for the state to legally create agencies and authorities that provided for the development and protection of the state's natural resources, while placing rivers and waters in the public domain. After more floods battered the state in 1919, 1921, and 1922, the Texas legislature funded a statewide study of rivers undertaken by the Texas Board of Engineers. The board worked with the U.S. Geological Survey to amass more data. Problems, though, were consistently viewed regionally.

The late 1920s were pivotal for flood control and reclamation projects in Texas and in the United States more broadly. A series of destructive floods destroyed river basins throughout the country in 1927. Most famously, after

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<sup>13</sup> Adams, *Damming the Colorado*, 12.

torrential rains in April, over eighteen million acres on the Mississippi River flood plane were inundated along 1,200 miles of river, from north of St. Louis to the river's mouth south of New Orleans. The flood was by far the largest recorded in American history. Floods destroyed much land and property in the Tennessee Valley, the San Joaquin Valley, and along the other Colorado River basin in Colorado and Arizona. Congress passed a 325 million dollar relief bill for the Mississippi River flood in 1928, but did little else for the rest of the country. The floods of 1927 and the beginning of the Boulder Dam project, the largest federally-funded infrastructural project to date, in 1928 garnered the interest of large construction and utilities companies looking to expand markets. Middle West Utilities Company, led by industrialists Martin and Samuel Insull, began surveying the river above Austin in 1927 with the hope of building a series of dams. Middle West pulled out of the project in 1931 due to financial problems, but Texas lawyer and dam enthusiast Alvin Wirtz brought the project into receivership. By 1933, the New Deal coalition forming in Washington opened new possibilities for finally financing the dam. Where private and local interests could not acquire the capital to sustain such a massive project, the federal government now appeared willing to do so.

The beginning of Franklin D. Roosevelt's administration in 1933 signaled an astounding and provocative change in the function and authority of the federal government. The widening scope of government, relief programs, and labor and

business laws initiated by the administration is well documented by historians, political scientists, and economists alike, who argue that the progressive vision instituted by New Deal liberals assuaged labor problems and pointed the nation in a more egalitarian direction. There can be no denying that New Dealers believed this to be the case, and most liberal historians took them at their word. Secretary of the Interior and Director of the Public Works Administration (PWA) Harold Ickes titled his history of PWA *Back to Work*, indicating what he felt to be the key aim of the programs. In general most New Dealers and subsequent historians agreed with Ickes: the New Deal constituted a radical, short term solution to a particular, unique problem. The main method used to combat unemployment would be public works, largely paid for with federal dollars but carried out on a local level using unemployed, mostly unskilled and semi-skilled workers to carry out construction projects. The magnitude and breadth of the programs, along with the dollars spent on them, were indeed fantastic. The federal government spent on average 1650 percent more money on construction between 1933 and 1939 than between 1925 and 1929. Roughly two-thirds of that money was spent on public works. At the New Deal's height in 1935, the U.S. government appropriated an incredible 6.7 percent of nation's GDP for public works, and in total built over 78,000 bridges and 40,000 public buildings.

The implementation of these changes on the local level, the myriad of public-private relationships that "built" New Deal infrastructure, and the uneven

distribution of New Deal capital to rural areas in the South and West remain less documented. Recently scholars have begun to challenge long-held beliefs about the fundamental legacy of the New Deal – most importantly that the primary function of the New Deal was to put citizens back to work, largely in construction and building trades. Despite that intention, it is difficult to view the labor programs as a successful legacy of the New Deal given their lack of sustained progress and the collapse of the economy again in 1937. Rather, the primary heritage of the New Deal consists of two related outcomes. First, the New Deal demonstrated the legitimacy of the state in employing Keynesian economic policy and building necessary infrastructure.<sup>14</sup> Second, for the first time the federal government actively created a built landscape, encouraged economic development in certain areas, and created new markets in previously underdeveloped regions.<sup>15</sup> The later point is especially significant for Austin and central Texas. In a very competitive political environment, Central Texas politicians and businessmen were able to secure all the necessary funding to complete the dam projects, which were the key technology in modernizing the region and enabling growth in the area. Austin’s postwar growth, and its rapid transformation from agricultural to nascent industrial and technological production, was heavily dependent on federal

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<sup>14</sup> Jordan A. Schwartz, *The New Dealers*.

<sup>15</sup> Gerald D. Nash, *The Federal Landscape: An Economic History of the Twentieth Century West* (Tucson: University of Arizona Press, 1999).

support. In this way, Austin is part of a federal landscape that characterizes much of the American West and links much of the urban West to water reclamation and the control of natural resources. The process which actually created the dams was, however, very much an amalgamation of work on the national and local level. The allocations for the dams and their attendant power generators would become the first step towards progress in Central Texas and in Austin, but securing those funds and actually building the dams proved to be difficult and complicated tasks.

The first necessary step was to identify the measures that would accelerate the funding process for the dams after the federal government created the PWA in 1933. With the failure at Hamilton Dam still fresh in their minds, a group of Austin politicians and businessmen, led by State Senator and lawyer Alvin Wirtz, Congressman James Buchanan, Austin mayor Tom Miller, and Colorado River Company president C.G. Malott, met with Secretary Ickes in early 1934 to discuss the Roosevelt administration's position on water reclamation and conservation. Ickes, though unwilling to discuss funding to complete Hamilton Dam, did recommend an engineer to investigate the problem. More importantly, the state of Texas would have to create a public agency to administer funds and employ contractors to build the dams and generators because it was illegal for the federal government to loan money to private businesses or directly to states. The creation of the Lower Colorado River Authority in 1934 provided the necessary state apparatus to carry out the project.

The formation and early history of the LCRA is well documented and does not need to be reiterated here.<sup>16</sup> The two main upriver structures, Buchanan Dam and Mansfield Dam, were completed in 1937 and 1939, respectively, just after intense flooding destroyed over 16 million dollars in property and killed dozens of people in 1935 and 1937.<sup>17</sup> When the first round of four dams was finished in 1940, the Highland chain was the most extensive multi-dam complex west of the Mississippi River. The dams did have an immediate impact on both everyday life and the regional economic and social growth ideologies. Flood control, irrigation for downstream farmers, electricity, and pristine nature available for recreation were all made possible by the dams.

Support for the dams in Central Texas was almost universal, even among the heavily free market-oriented Austin Chamber of Commerce which repeatedly opposed federal intervention into the city's business affairs. Like most Southern cities, Austin's chamber of commerce was a primary political and economic force

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<sup>16</sup> The best work on the LCRA is John A. Adams' *Damming the Colorado: The Rise of the Lower Colorado River Authority, 1933-1939*, which painstakingly details the local politics and actual building of the dams. For a history of the LCRA and actual building of the Highland Lakes dams, please refer to Adams. Also see, James H. Banks and John E. Babcock, *Corralling the Colorado: The First Fifty Years of the Lower Colorado River Authority* (Austin, TX: Eakin Press, 1988).

<sup>17</sup> The dams were originally named Hamilton Dam and Marshall Ford Dam. Each was renamed after a politician who helped engender the LCRA and were instrumental in securing funding for the projects. James Buchanan, head of the Appropriations Committee, and J.J. Mansfield, Chair of the Rivers and Harbors Committee. The first version of Mansfield Dam was finished in 1939. Another higher dam wall was completely in 1941. Inks Dam and Tom Miller Dam, the third and fourth structures, were completed in 1938 and 1940, respectively.



in the community, usually made up of wealthy businesspeople who were also involved in politics. In the late 1920s and into the 1930s, most members adamantly opposed the New Deal or any kind of federal assistance. In 1927, the Chamber went on record, “as opposing any action of the Federal Government at this time towards increasing cotton and farm products; also opposed to federal operation and ownership of any local enterprise especially . . . which contemplates the construction and operation of an electric and irrigation project as Boulder Canyon.”<sup>18</sup> Even Chamber member Walter E. Long, who would later write booster pieces on behalf of Austin that focused on the relationship between infrastructural improvements and urban growth, was skeptical of any federal interference into local business.<sup>19</sup>

The influence of Democratic Mayor Tom Miller and the universal need for water control and power influenced the chamber for a brief period during the 1930s, however, which became supporters of some New Deal developments. The Highland Lakes dam project was foremost on the Chamber’s agenda. In early 1934 President A.C. Bull declared the chamber’s support for the completion of Hamilton Dam as its major goal for that year. As such, the chamber unanimously supported the creation of the LCRA later that year, despite the widespread

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<sup>18</sup> Anthony Orum, *Power, Money, and the People: The Making of Modern Austin* (Austin: University of Texas Press, 1987), 59.

<sup>19</sup> Walter E. Long, *Flood to Faucet* (Austin: The Steck Company, 1956) and Walter E. Long, *Something Made Austin Grow* (Austin: Austin Chamber of Commerce, 1948).

protests of Texas's business community, which deemed the LCRA unconstitutional and unfair to Texas's private utility providers. The chamber continued to vociferously support the dam building project throughout the 1930s. On January 1, 1935, the *Austin American* ran an advertisement, signed by the chamber, encouraging citizens to actively support measures that would help the city grow. Six months later the chamber was cited in an editorial suggesting that Austin use its water power (when the dams were completed) to attract new manufactories to the city. The *American* continued to be an unabashed supporter of the dams throughout the 1930s, writing multiple pieces every year linking the dams with regional economic prosperity and modernization.<sup>20</sup>

### **Imagining a Modern Austin and Central Texas**

In October, 1937, the first of the Highland Lakes dams was dedicated about sixty miles northwest of Austin. Originally called Hamilton Dam, on October 16 the dam was officially named Buchanan Dam, after the late James P. Buchanan, longtime U.S. Congressman from Austin's district and one of the

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<sup>20</sup> *Austin American Statesman*, January 1, 1935; N.A., "Dams and Lakes of Central Texas Topics of Volume," *Austin American*, August 28, 1937; N.A., "New Cen-Tex Lakes Furnish Material for C. of C. Book Here," *Austin American*, August 28, 1937; N.A., "Burnett Attorney Asked to Keep Lake Roads Open," *Austin American*, January 22, 1938.

LCRA's Washington advocates. Buchanan had died only a few months before and Lyndon Johnson won a special election to take his seat, his first elected office. The purpose of Johnson's short speech at the dedication was to introduce Secretary Ickes, but his comments also demonstrated what the dam meant to Central Texas. It was broadcast across the entire region on KNOW radio. After almost exactly one century of settlement, the region finally had a technology to harness the river. "Today we are gathered here before this magnificent structure," Johnson began, "a mighty Bulwark against the blind and raging forces of nature, better to make it do our will. We are not gazing upon a vast pile of steel and concrete, of towering abutments and staunch piers . . . . We must peer beyond the concrete, beyond the steel, beyond the placid waters of this rising lake . . . . We must look to the minds of the men from which they sprang into being." The hydroelectric generators promised that residents would never again suffer "uncontrolled horsepower in Nature squandering its fury." Electricity, irrigation, and flood prevention were the most important functions of the dams. The metaphors Johnson used consistently spoke of man's triumph over nature. Only as an afterthought did Johnson mention the recreational possibilities that the lakes would provide, and even then largely as a place for residents to relax and bring their children. The entire event was a somber occasion filled with speeches by government leaders and polite applause, representing a collective yet restrained catharsis, a constant source of misery and tension finally controlled by the

fortitude of visionary leaders. The speech not only reflected the economic and social turmoil of the time; it also reflected the difficult lives led by the mostly rural, agricultural citizens that lived in the area. Their dreams were not of urban growth or making money through tourism. Electricity and flood control were thought of as modern conveniences that would make life more predictable and controllable.<sup>21</sup>

Fifteen years later in 1952, the dam formerly known as Granite Shoals Dam, about twenty miles closer to Austin than the Buchanan Dam, was rededicated in honor of Alvin Wirtz, who died unexpectedly in 1951. Similar to the dedication of Buchanan, many leaders spoke at the ceremony; Max Starke presided over a series of speeches by Johnson, Congressman Homer Thornberry, Governor Allan Shivers, and former Austin Mayor Tom Miller, all of whom correctly lauded Wirtz as the single most important figure in the development of the region. Shivers went so far as to claim that “water is of more value to the economy and future prosperity of the state” than oil and gas, and for Central Texans he may have been correct. But the 1952 celebration went far beyond the somber, pragmatic rhetoric and style of its predecessor in 1937. No speakers addressed the new possibilities engendered by the technological advances along the river; they did not have to. Instead, the focus of the day was on leisure

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<sup>21</sup> Lyndon B. Johnson, “Introduction of the Honorable Harold L. Ickes”/Folder “Introduction of Harold Ickes, Dedication of Buchanan Dam, Burnet Co, TX”/Box 1/Statements of LBJ, 1927-1937/LBJ Presidential Library, Austin, TX.

activities provided by the water. Only a fraction of the day-long festivities were given to speeches. For the rest of the day the enormous crowd of over 6,000 people, one of the largest gatherings ever in Central Texas, had fun. There was a giant barbecue paid for by the state. People were encouraged to swim and boat, and there were sightseeing tours all around the area. Hundreds of people fished and swam in Lake Granite Shoals (later Lake LBJ) and boat races began at 10:30 am and lasted all day. Numerous newspaper articles reported on the event. Most hailed the celebration as a symbol of the economic success of Central Texas, the growth of Austin, and the enhanced quality of life that the dams engendered.<sup>22</sup>

The vast differences in the nature of the two ceremonies indicate the changes that took place in Central Texas and Austin between 1937 and 1952, largely because of the dams. Journalist Raymond Brooks wrote that the dams had not only saved millions of dollars in flood control and irrigation, they also brought unforeseen economic expansion to Central Texas and Austin. Over \$100 million worth of new wealth was created in the Colorado's watershed by 1952, much of it coming through tourism to the quickly growing resort areas now dotting the reservoirs. Plans were in the works to develop a \$1 million luxury resort on the north bank of Lake Travis on the outskirts of Austin. Power supplied by the dams

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<sup>22</sup> See, for example, Raymond Brooks, "National, State Leaders to Dedicate Wirtz Dam," *Austin American Statesman*, June 15, 1952; Raymond Brooks, "Dam Ceremony Seen by 6,000," *Austin American*, June 16 1952; Raymond Brooks, "Colorado Put to Work for the Public," *Austin American*, June 17 1952. For Shivers quote, see Jimmy Banks, *Corralling the Colorado: the First Fifty Years of the Lower Colorado River Authority* (Austin, TX: Eakin Press, 1988), 180.

not only modernized rural areas in Austin's hinterland; it also allowed Austin to attract some small industries which encouraged the city's steady growth throughout the 1940s and 1950s. Brooks wrote that "perhaps the City of Austin is the best example of the direct benefits created by this state flood control and storage project. . . . Austin grew; and with the completion of the dams [the city] has grown tremendously, both in population and in diversity of business and industry."<sup>23</sup>

This demographic and economic growth was accompanied by a less obvious but equally important change: the dams also allowed Austin politicians, citizens, and business people to reimagine, and thus further remake, the region in a new image that was highly entrepreneurial and driven largely by a leisure economy. From the creation of the LCRA in 1934, public and private interests used the lakes and dams as tools to attract both capital and tourist money into Central Texas. Very shortly after, even during, the building of the dam system Austinites and other Central Texans were creating uses for the new "natural" region that went far beyond the structural concerns voiced by early reclamation advocates. Ironically, Wirtz was one of the most pragmatic of the early dam advocates. As late as 1944, he scoffed at the idea that the lakes would become primarily sites of recreational, and thought the next big project should be

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<sup>23</sup> Brooks, "Colorado Put to Work for the Public."

improving the river for navigation.<sup>24</sup> But by the 1950s it was clear that water-based recreation could be an incredible economic engine for Central Texas. Imagining and implementing growth occurred in a variety of ways, from the City of Austin using its new hydroelectric power to attract a magnesium plant during World War Two (which would later become a premiere University of Texas scientific research facility) to the LCRA planning an entire recreational region catering to upper class Texans. Earlier conservation and reclamation enthusiasts in Texas imagined a modernized rural, agricultural hinterland freed from drought and flooding and able to take advantage of electricity. Quickly, however, it became clear that the change in the landscape was to have far more dramatic consequences for Central Texas.

This argument is theoretically informed by urban semiotics, which is a branch of socio-semiotics, mapped and theorized most notably by Mark Gottdiener in the United States.<sup>25</sup> Working in the tradition of discourse and landscape analysis, Gottdiener views urban landscapes as textual artifacts that act as symbols which reflect meaning. Essentially, urban semiotics attempts to read images, places, and structures as symbols that shape images of places and

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<sup>24</sup> “Alvin Wirtz to Lyndon B. Johnson,” August 9, 1944/Folder, “LBJA Selected Names, Wirtz, AJ, 1944-“/Box 37/LBJA Selected Names/LBJ Presidential Library, Austin, Texas.

<sup>25</sup> See especially, Mark Gottdiener and Alexandros Lagopoulos eds, *The City and the Sign: An Introduction to Urban Semiotics* (New York: Columbia University Press, 1986); Mark Gottdiener, *The Social Production of Urban Space* (Austin: University of Texas Press, 1985).

simultaneously constitute the places they describe discursively. Mental images and ideas about place (or a place) are put into dialogue with more quantifiable data (or narrative) to better comprehend the meaning of a place or system. While in essence New Deal and welfare state investment was the key action in the development of the Highland Lakes region, other actors began the important process of changing the landscape based on the new “natural” environment. At the discursive level, urban booster pamphlets, developmental plans, and magazine stories created the lakes as symbols of modern Austin’s possibilities and marketed Austin based on water recreation. The dams and lakes, and their attendant power and leisure capabilities, became the rhetorical center of regional and urban growth in Austin and were key in drawing businesses, tourists, and residents to the region and city. Gottdiener writes that “material objects are the vehicles of signification, so that the symbolic act always involves some physical object as well as social discourse on it. . . . Semiotics analysis can also be extended to include codes of property ownership, written texts of planning, the plans of designers, urban discourse by the users of the city, and real-estate advertising.”<sup>26</sup> In this way, both the actual water and the technology that enabled it were intensely social and cultural.

One of the first and most comprehensive attempts to chart the region’s course was a brochure created jointly by the LCRA, Department of the Interior,

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<sup>26</sup> Gottdiener and Lagopoulos, *The City and the Sign*, 3.



and the Texas State Parks Board in 1941 entitled “The Highland Lakes of Texas.” Created from a joint survey conducted by the LCRA and the Department of the Interior, the brochure was intended to provide an outline for potential recreational development around the lakes.<sup>27</sup> The report was based on a three year survey that used histories, maps, interviews, and personal observations to devise a land use proposal suitable to both the new natural topography and to the growth-minded outlook of the region. Most of the river was harnessed during the time that the survey was put together; Lake Buchanan and Inks Lake were most likely fully filled during the period while Mansfield Dam and Austin Dam were begun after and completed shortly before the report was published.<sup>28</sup> “The Highland Lakes of Texas” is thus an early working vision of what the dams and lakes symbolized for the region’s future.

Unsurprisingly, the report considered the region as primarily public land and advocated public cost and public uses for the sprawling state-run parkland, which would include nearly 800,000 acres of land, including over 670 miles of shoreline (more than the Texas coast has), stretching from West Austin to Lake Buchanan, roughly sixty miles to the northwest. While the plan allowed for

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<sup>27</sup> “The Highland Lakes of Texas”/Box 183/ Papers of Lyndon Baines Johnson, House of Representatives, 1937-1949/LBJ Presidential Library, Austin, TX. The study was undertaken over approximately three years from 1936 to 1939 as part of the Park, Parkway, and Recreation Act of June 1936. Maps, histories, and other materials were used as reference, and public officials and private citizens were consulted. See 15.

<sup>28</sup> Mansfield Dam was built in two separate stages. The first stage was completed in 1939 and the second was completed in 1941.

private rights to be protected in the park, it would not allow further rights of private property to be granted within park boundaries. Grazing rights and other additional commercial rights, like mining, would be slowly curtailed and eventually eliminated. The state was to retain developmental rights over all lands, indicating that private uses would be almost entirely absent from the park. Accommodations, however, would not be duplicated if private enterprises either within or outside of the park satisfied demands. While the plan encouraged charging a fee to get into the park and for usage, it was not really profit-minded.<sup>29</sup>

The brochure also sagaciously imagined Texas as a symbol of potential postwar growth pole in the United States; the Highland Lakes Park would be a cornerstone of recreational enjoyment that would serve an energetic population.<sup>30</sup> Texas was cast as the nation's "sum-total of forward moving energies" and "a pendulum to keep other parts of the Nation in productive operation." In sum, Texas produced "accomplishments that have poured forth from a melting pot of resources and human energy to create a State of wealth, a State of power, a State of dignity, and of widely diversified interests." The state's cities, moreover, grew from log cabin villages to modern industrial power, almost overnight. Texas finally had the capacity to move past "just living" and begin enjoying its

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<sup>29</sup> "The Highland Lakes of Texas"/Box 183/ Papers of Lyndon Baines Johnson, House of Representatives, 1937-1949/LBJ Presidential Library, Austin, TX, 2-4.

<sup>30</sup> "Highland Lakes of Texas,"<sup>30</sup> Page 30 suggests that Texas's population will grow from six million in 1940 to 8.5 million residents by 1960.

abundance and natural wealth. “‘Scenic resources,’ ‘recreation,’ and ‘conservation’” today meant something to Texans. These resources had to be viewed as a primary form of wealth, right along with other commodities like oil and cotton. Recreation, finally, could make the economy grow.<sup>31</sup>

Most of the text is dedicated to outlining specific recreational uses for the park. Along with obvious outdoor activities like hiking, camping, swimming, and boating, the brochure produces images and text relating to decidedly upper class activities. Plans to build two championship golf courses in the park are accompanied by images of two couples teeing off under a tree. A young man is pictured lawn bowling in a suit with a woman encouraging him. Most interestingly, polo is encouraged as both a sport and as entertainment for large crowds, in a region “that is already committed to polo.”<sup>32</sup> Recreation was imagined as far more specific than simple people having a good time or randomly enjoying leisure time. The specific activities that were encouraged were aimed at an upper class audience, or at least those who aspired to polo, lawn bowling, and golf during an economically unstable time in a traditionally rural, traditionally poor area that had only received electricity in the last few years. Clearly, the new, controlled waterways allowed planners to imagine a radically new social and economic landscape that accompanied the natural one.

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<sup>31</sup> “Highland Lakes of Texas,” 9-10.

<sup>32</sup> “Highland Lakes of Texas,” 31, 39, 51 (quote on 51).

For Clarence McDonough, General Manager of the LCRA in 1941, “The Highland Lakes of Texas” was part of a larger vision for the new lakes where the area would be turned into a 350,000 acre national park. In 1940 he invited Harry T. Thompson of the National Parks Service to come view the area and assess its potential as a national park; McDonough claimed that Thompson preferred the Highland Lakes to other Southwestern areas, most notably Big Bend in Southwest Texas which had recently been granted national park status, because of its accessibility and range of potential activities. McDonough and “The Highland Lakes of Texas” exemplify the very public-oriented imagination surrounding early visions of how to employ the lakes and dams for regional benefit. Because of the project’s deep ties to public capital and the public positions of early advocates of the area, the nature of these discourses is unsurprising. While the mode of production for the area would become driven much more by the private sector over the coming decades, rhetoric remained largely focused on circulating capital.<sup>33</sup>

As used here, circulating capital refers to the surplus income increasingly spent in Austin and Central Texas by people who were not living in the area.<sup>34</sup>

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<sup>33</sup> John Babcock, “‘Playground of the Nation’ Is Dream for Central Texas’ Lake Chain Area,” (NP, ND)/AF-Highland Lakes Ho800/Austin History Center, Austin, Texas.

<sup>34</sup> I am employing a different definition of circulating capital from the traditional, formal definition created by Adam Smith and developed by Marx, which refers to the opposite of fixed capital, an asset not used up in production. In this definition circulating capital essentially refers to capital that is used up in the production process or capital expenditures that are ancillary to production for a business. The definition I

Capturing as much of the tourist market as possible was the goal of Austin's early promotional efforts because the watershed was unique from the arid Southwest and could capture much circulating revenue. In Austin, this strategy included using the lakes for recreation as well as catering to conferences, trade shows, and conventions, all of which represented fast, non-intensive, and non-industrial injections of capital into local economies. Much of the discourse surrounding the lakes during and shortly after World War Two focused on bringing vacation and retirement income to the area by creating the area as a vacation "wonderland" for families and building retirement communities that would use the lakes and warm climate as their main attractions. Texas House Joint Resolution 43, passed in August, 1945, was essential to this type of discourse. HJR 43 amended an antiquated section of Article 16 of the Texas Constitution which formerly prohibited the state from allocating any money to develop or promote any information about Texas's resources. The law, referred to colloquially as the "carpetbagger law," was written into the Constitution in 1876 in an effort to discourage outsiders from moving to Texas. The resolution removed the

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use indicates geographically mobile capital, particularly money potentially spent or invested by consumers who are not usually long term residents of the location where they spend or invest that money. Hence, in this case circulating capital refers mostly to tourist, vacation, or retirement dollars spent in Central Texas. The concept is illustrated in Steven and Malcolm Miles, *Consuming Cities* (New York: Palgrave MacMillian, 2004).

prohibition on state funding for advertising, and soon after the war ended the state began to promote itself to businesses and individuals outside of the state.<sup>35</sup>

Central Texas took advantage of the new law by focusing advertising resources on circulating capital, especially conventions, vacationers, and retirees. The campaign coincided well with the postwar economic boom as disposable income, free time, and the amount of leisure opportunities increased markedly after 1945. Bill Brown, a professor in the University of Texas Marketing Department, wrote that disposable income increased by 108 percent in the United States between 1945 and 1958, generating all kinds of new markets for leisure products and services. During roughly that same period, the average weeks of vacation per year for an American worker doubled due to increased production per work hour, better transportation, and increased workplace efficiency. By 1960 the leisure market was absorbing \$44 billion a year, indicating that vacationing and tourism were already two of the most lucrative industries in the United States and, since they represented the highest level of mobility of all capital, tourist dollars were subject to intense regional competition. Among Texans, economic growth was even more striking. Between 1946 and 1956, total personal income in Texas grew from \$7.4 billion to over \$15 billion, an increase of over 100 percent in just one decade. Per capita increases in personal income were smaller due to a twenty-five percent gain in total population, but they still measured a robust sixty-

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<sup>35</sup> N.A., "Master Plan for Dollar Flow," *Austin in Action* (May 1965), 19.

four percent growth in the decade after World War two ended, from \$1,028 in 1946 to \$1,685 in 1956. Tourist revenues were substantial enough in the 1950s to support fairly centralized patterns of growth in areas that offered attractive destinations, natural or otherwise. Tourism is also an industry that does not require a great deal of initial finance capital to commence, except for advertising, provided there are attractive features in a particular place. The lakes were thus obvious sources of potential tourist revenue that Austin businessmen and political leaders sought to exploit as one of the first sustained economic growth engines after World War Two.<sup>36</sup>

The dams themselves also functioned in a highly symbolic, semiotic context that became central to the region's identity. Primarily, the dams, as both public works and symbols, were technologies that ushered in modernity to residents of Central Texas. The dams themselves were also the objects of both leisure activities, in the form of tours, informal sight-seeing, and ancillary activities like going to a restaurant in the Buchanan Dam, and technical discourse designed in part to create what David Nye called a "technological sublime" surrounding them.<sup>37</sup> For Nye, the technological sublime embodied the dual function of creating awe in the power of large technology to reshape the

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<sup>36</sup> Bill Brown, "Trends to Affect Austin," *Austin in Action*, 1.11 (April, 1960); For income statistics, see William Huber Baughn, *Changes in the Structure of Texas Commercial Banking, 1946-1956* (Austin: Bureau of Business Research, University of Texas Austin, 1959), 8.

<sup>37</sup> David Nye, *American Technological Sublime* (Cambridge: MIT Press, 1994).

landscape for social benefit and the related belief that this power was linked to national greatness. For Central Texas, this discourse was of course linked to the region's future prospects and imagined prosperity at a watershed moment of public and domestic improvements through technological innovation. The dams were sources of great pride, not only because they brought modernity in the form of electricity and water and demonstrated the region's victory over nature, but also because they represented a public, democratic spirit; they were built by and for the people of the state and nation.

As works of technology, the dams generated technical interest and also inspired awe among residents who ventured to see them or merely read about them in magazines and newspapers. The spectacle that they created became a major tourist attraction. When completed in 1937, Buchanan Dam was the largest multiple arch dam in world, spanning over two miles and two separate counties. The thirty-seven flood gates, one under each arch, could open independently of one another, allowing very specific amounts of water through the dam. Visitors could walk along the top of its massive arches, viewing the 22,000 acre, 9 mile long lake that the dam impounded to the north. To the south, water slowly flowed from the dam in very controlled increments and quickly formed the much smaller Inks Lake. The dam's ability to change the landscape was immediate and striking, as it provided a perfect vantage point from which to view the how completely the river had been harnessed into a placid lake. Inside the dam, tourists could marvel



at the three enormous turbines that were able to generate over fifty-one megawatts of hydroelectric power if necessary. The LCRA provided guided tours of the facility and also published yearly newsletters that included technical information and photographs of the Buchanan Dam. The key flood control structure and the most impressive of the Highland dams was the Mansfield Dam. When fully completed in 1941, Mansfield Dam rose 278 feet above the riverbed and its base spanned 7,089 feet, making it the fourth largest dam in the United States. It attracted thousands of tourists each year. A state highway crosses the river on top of the dam, affording almost panoramic views of the harnessed landscape and reinforcing the symbolic content of modernity that the dams and lakes possessed.

Consistent and affordable electrical power was another key feature of modernity, both symbolically and practically, for the City of Austin and its rural hinterlands. Like the dams and lakes, electricity was cultural and social as well as practical. Led by a vociferous Lyndon Johnson, the Pedernales Electric Coop (PEC), LCRA, and REA began encouraging electrical consumption in the rural areas outside of Austin shortly after the LCRA started delivering power in 1940. In addition to sending informational letters to new customers, the LCRA, PEC, and REA provided demonstrations designed to elucidate the benefits of electricity in an entertaining way. One of the events, titled “The Electrical Magic Circus,” toured Austin’s hinterland in November of 1939, shortly before power was delivered to most areas. The flyer for the event promised “Free, Fun, Prizes” to

those who came, and also offered “the secret of how to stay young electrically,”<sup>38</sup> presumably by saving one’s body from the hardships of physical labor. New technologies made possible by electricity would ease the burdens of everyday life both in the cities and the rural farms, but those technologies certainly symbolized magic as well as fun and leisure.

The Electric Magic Circus was a success all over Central Texas in the fall of 1940, attracting crowds larger than the population of some of the towns it came to despite heavy rain falls. People came to see demonstrations of the power brought by modern appliances and to simply see the spectacle of technology. In addition to the Circus, the LCRA and REA sponsored educational demonstrations that taught people how to use technology to their benefit. Cooking demonstrations aimed at women taught safety and characterized cooking as a leisure activity rather than as a domestic chore. Oneta Liter, a home economist from the REA, toured the countryside and towns teaching women about the new domestic appliances they could employ to cut down on work time in the home. For the first time residents could enjoy the comforts of the city, and nearly all of them did. In 1939 the LCRA added 20,000 first time customers and nearly 1,700 new miles of power lines that reached far into the rural countryside. In the hinterland,

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<sup>38</sup> “The Electrical Magic Circus”/Folder, “1940 Colorado River Authority, REA, General”/Box 182/Papers of LBJ, House of Reps. 1937-1949/LBJ Presidential Library, Austin, TX.

electricity meant the possibility of modern conveniences and the promise of an easier life. Of course it also meant a drastic increase in domestic consumption.<sup>39</sup>

In Austin, consistent electricity had a similar impact on domestic life, although city dwellers were far more accustomed to power because of its greater availability. Where new hydroelectric power had its greatest impact, however, was the city's ability to attract new capital investments, many of which came from the federal government. As with the dams, politicians worked in an overtly entrepreneurial manner to secure new businesses and other boons for Austin; much early investment in the city was engendered by federal contracts won in large part by entrepreneurial political activity. Hydroelectric power and consistent water delivery were again the crucial factors that brought in business. When the United States entered World War Two, shortly after Marshall Ford Dam and other essential infrastructure were completed, the region was equipped to capitalize on intensified federal spending by bringing industrial production facilities and a military installation to the city.

By the late 1930s Austin's newspapers began to publicize the lakes and report on nascent investment around the watershed area. It became clear very quickly that real estate and recreation were going to become economic drivers in the region just west and northwest of Austin. It also became apparent that the

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<sup>39</sup> "Lee McWilliams to Lyndon Johnson," August 30 1940;" "Max Starke to Lyndon Johnson," August 29, 1940," and "Electric Coops Carry on New Program Rapidly"/Folder, "1940 Colorado River Authority, REA, General"/Box 182/Papers of LBJ, House of Reps. 1937-1949/LBJ Presidential Library, Austin, TX.

lakes and dams were already becoming the main symbols of civic pride for many Central Texans. In July 1937, before Mansfield Dam was even finished, real estate speculators were beginning to investigate plots along the watershed with the goal of building summer homes and eventually larger commercial resorts.

By the mid-1950s after Wirtz Dam was finished, the vast majority of the water reclamation infrastructure on the Colorado was completed, the dams and reservoirs were completely functional, and the LCRA was a stable, prosperous agency and major boon to the region. The LCRA began showing a profit in 1946, and reinvested most of the profit into the beautification of the watershed area throughout the 1950s. The changes in the natural landscape, so dramatized and spectacular just fifteen years before, had become naturalized seemingly overnight. The natural landscape also became a primary marketing tool and economic engine for a region whose fate was increasingly tied to leisure, tourism, and development centered around recreation. The dream that the LCRA and others outlined for the region in 1940 was manifesting itself, but more as the result of private investment than public development.<sup>40</sup>

Austin used the lakes and water to market itself nationwide, beginning as early as 1939 when the LCRA sent a twelve foot long model of the dam and electrification system to the 1939 World's Fair in New York City. In a very clever marketing ploy called "Operation Waterlift" in 1950, the city, working with the

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<sup>40</sup> Smith, *Corralling the Colorado*, 170-171.

LCRA, Austin Area Economic Development Foundation, and the Texas Motor Transportation Association, sent 3,000 gallons of Highland Lakes water by truck to New York City, which was experiencing a drought. The truck was welcomed at New York City Hall by officials, Texans, and members of the press. The delivery's purpose was twofold: first, to alert possible tourists to Central Texas's warm winter climate, and second to remind businesses that Austin had a consistent source of water. The city actively courted small manufacturing outfits in conjunction with a federal plan that encouraged "general decentralization" as a defense measure. Water thus provided jobs and publicity for the city from a very early date.<sup>41</sup>

Throughout the 1950s and into the 1960s the Highland Lakes region became the primary marketing attraction for the city and western hinterland. Referred to by one writer as "the apogee of vacation wonderland,"<sup>42</sup> Central Texas was repeatedly cast as the best vacation spot the state had to offer. Each lake offered a variety of sports and leisure pursuits, from boating and fishing on Lake Travis to more cultural pursuits on the banks of Town Lake in downtown Austin. Hundreds of resorts, catering to vacationers as well as fisherman, hunters,

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<sup>41</sup> N.A. "Operation Waterlift," *Texas Parade*, February, 1950, 8 and 29. Courtesy Austin History Center.

<sup>42</sup> John P. McKenzie, "Highland Lakes Country a 'Vacation Wonderland,'" *Austin Statesman*, December 16, 1964/ Folder, "AF – Highland Lakes HO800 Misc.)/Box, "AF-HO800 – General"/Austin History Center, Austin, Texas.

and campers, had opened business by 1964 along the nearly 700 miles of coastline provided by the dams.<sup>43</sup>

Along with festival activities that brought money to the city, the reservoirs generated revenue and created hundreds of businesses that took advantage of tourist and leisure dollars almost year round. In the early 1950s the Austin Chamber of Commerce developed a Highland Lakes Committee that oversaw and encouraged entrepreneurial development along the river corridor in West Austin and in burgeoning western and northwestern suburbs. Bill Gaston, Chairman of the Highland Lakes Committee wrote a spirited letter to Mayor Tom Miller in 1958 thanking him for “having great understanding of the lakes’ importance to Austin’s economy.” Gaston had recently completed a survey that concluded boating alone was a multimillion dollar business just in the city, and that Austin’s tourist and vacation trade brought in upwards of five million dollars each year. That figure did not include economic activity outside of the city. While “The Highland Lakes of Texas” imagined a vast public park filled with upper class

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<sup>43</sup> See, N.A., “Highland Lakes Country a ‘Vacation Wonderland;’” “‘Vacation in Your Own Back Yard’ Really Applies to Central Texas,” *Austin American Statesman*, August 27, 1961; “Lakes Rate Among Top Attractions,” *Austin American*, May 15, 1956; “Highland Lakes: Centex Mecca,” *Austin American*, August 12, 1964/All courtesy of Austin History Center.

leisure pursuits, in reality most economic development in the area filled private coffers but stimulated the Central Texas economy nonetheless.<sup>44</sup>

The “Highland Lakes of Texas” was also a harbinger of Austin’s future in terms of the discourse it engendered surrounding the lakes. Public discourse surrounding water turned rapidly from a focus on fear, lack, and “harnessing” cruel nature into a discourse that celebrated the ingenuity of Central Texans and new possibilities for the region, particularly the city’s ability to grow both economically and demographically and provide activities that were not available in most of Texas. Shortly after “The Highland Lakes of Texas” imagined a recreational wonderland, the Austin Chamber of Commerce and other interested boosters joined in the praise. In some cases, Austin’s water attractions became idioms for the city’s improvement and ways to differentiate Central Texas from other areas. The Chamber of Commerce’s first effort to create discourse about the lakes came in 1938, before much of the dam system was completed, when they published a series of pamphlets describing what the lakes would look like and the possibilities that they created for homeowners, businesses and tourists. “The Austin Area Lakes” served as the model for later, more descriptive discourse that

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<sup>44</sup> ”Bill Gaston to the Honorable Tom Miller,” January 8, 1958/Folder, “Jan-Feb, 1958”/Box, “FPF.10B Austin Mayors, Miller, Robert Thomas, Correspondence, Jan 1958-Dec 1960”/Austin History Center, Austin, TX.

is especially apparent in the myriad guidebooks, pamphlets, and other booster materials that became commonplace in Austin after World War Two.<sup>45</sup>

Starting in 1942, the Austin Chamber of Commerce published a guidebook called “Austin in a Nutshell: The Friendly City,” sporadically reissued for the rest of the decade. The guidebook was marketed specifically at potential home buyers and transplants to Austin, but also focused on tourism. By far, the Highland Lakes are the centerpiece of the city’s description. Scant attention is given to the University, agricultural life, industries, and other points of interest. The “mighty Colorado River, cutting its way through this range for centuries,” however, “has created the ‘Palisades of the Colorado,’ where high cliffs and peaks offer breath taking views.”<sup>46</sup> The important functions of the dams are listed and explained first, along with recreational possibilities. Curiously, although various chambers of commerce are mentioned, “Austin in a Nutshell” does not mention the federal government or the State of Texas’s role in producing this space, rather vaguely stating that the dams “are the result of twenty-five years of planning and the expenditure of millions of dollars.” Like the man made aspect of this natural landscape, the steadfastly free market chamber of commerce quickly erased the federal support for the dams. Each lake and dam is then described using a mix of technical and inviting language. The following page contains images of happy

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<sup>45</sup> Austin Chamber of Commerce, “The Austin Area Lakes,” (pamphlet, 1938).

<sup>46</sup> Austin Chamber of Commerce, “Austin in a Nutshell: The Friendly City,” (pamphlet, 1949).



lake goers: a young boy riding a fifty-five pound catfish like a horse; young people sailing; a bird's eye view of Mansfield Dam. Long before it was fashionable or understood, Austin leaders learned to use images, concepts, and rhetoric, as well as favorable natural landscapes and amenities, to market Austin as a place and create a cultural and social economy of place.<sup>47</sup>

Another early example of place creation based on water was the writing of Walter E. Long, President of the Chamber of Commerce from 1914 until 1949, Austin booster, and author of dozens of small books focusing on Austin and Texas history. Long, a vocal and dedicated supporter of free market ideology and Austin business, was nonetheless also an ardent reclamation enthusiast who welcomed New Deal funding for Colorado River improvements. Indeed, in 1915 Long founded the Colorado River Improvement Association, a forerunner of the LCRA and the first attempt to pool regional resources to control the river. Once the dams were completed, Long focused his writings on modernization and the spirit of central Texans (conveniently downplaying the role of the federal government in the engineering and construction of the dams). One of his booster tracts, *Flood to Faucet*, written in 1956, made obvious the quick change in ideology and in discourse that the dams afforded. Flooding was, of course, one of the primary concerns among residents all along the river before the dams, as was drought. After the dams, consistent running water and power enabled a wide

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<sup>47</sup> "Austin in a Nutshell."

range of conveniences and economic improvements that quickly modernized the area.

The lakes not only formed the dominant image of Austin in the 1950s and 1960s, they also brought actual municipalities into being. One article in *Austin in Action* from 1961 refers to Lake Austin as “an all-purpose lake that has become almost a residential suburb of the Capital City.”<sup>48</sup> Jonestown, a town developed in the early 1960s on Lake Travis, ran ads in the same publication calling itself “Vacationland U.S.A.,” advocating for its “leisurely, pleasure-filled way of life,” and encouraging people to move there because their investment would be protected by “appropriate zoning,” an obvious indication that undesirable industry and people would not be welcome.<sup>49</sup> Lakeway, Texas, just west of Austin on the South bank of Lake Travis, is one of the first American cities that began as a resort. The Lakeway Resort opened in 1963, a forty-eight room upscale resort that catered to tourists. The resort also sold expensive plots on and near Lake Travis, initially as summer homes but increasingly for full time residents. Lago Vista, another suburb across Lake Travis from Lakeway, materialized in much the same way during the 1960s. Both communities formally incorporated during the 1980s

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<sup>48</sup> N.A., “The Lure of the Lakes,” *Austin in Action*, Vol. 3, No. 2 (July, 1961), quoted on 7.

<sup>49</sup> N.A., “Barnes & Jones’ Highland Lakes Homesites,” *Austin in Action*, Vol. 6, No. 1 (April, 1964).

and are today upscale suburbs. Clearly, the lakes provided millions of dollars in real estate and tax revenue for Central Texas by the mid-1960s.<sup>50</sup>

Well into the 1960s the Austin Chamber of Commerce monthly publication *Austin in Action* published articles that viewed the lakes as central to Austin's social and cultural life while obviously encouraging its development for economic gain. The retail potential for items related to boating, fishing, hiking, and other outdoor activities was obvious, and outfits catering to the recreational needs of tourists were among the first to open along the watershed. In 1958 Austin boat sales increased by 500 percent. Bill Glaston, head of the Highland Lakes Development Committee, conducted a survey in 1958 that determined boating was a multimillion dollar a year in Austin, part of Austin's \$5 million annual tourist revenue. By 1959 an estimated 10,000 boats cruised the lakes. Many of these boats were yachts that were often rented for weekends or used for company gatherings or retreats. One of the most famous boats was the *Commodore*, a stern-wheel paddleboat built in 1949 as a replica of the older *Commodore* that sailed on Lake Austin in the 1890s, and could accommodate 250 passengers. It was the largest boat sailing any inland water in Texas, and had accommodated over 200,000 people by 1960. Articles focused on the natural

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<sup>50</sup> The Lakeway Resort was the site of Microelectronics and Computer Corporation's first meeting in Austin. MCC vice president Bob Rutishauser relates an anecdote about how the resort convinced some employees that Austin was a desirable location for MCC in Elizabeth A. Moize, "Deep in the Heart of Texans: Austin," *National Geographic*, 177.6 (June 1990), 58.

beauty and leisurely pace around the lakes, while continuing to envision new uses for them.<sup>51</sup>

“The Lure of the Lakes” is a particularly descriptive and colorful article that demonstrates the importance of the controlled water system in Austin’s collective consciousness. The article begins with a landscape photograph from iconic Mount Bonnell, which overlooks Lake Austin and the pastoral, undeveloped panorama bifurcated by the river, which a solitary couple is strolling toward. The article blends images of Austin’s indefinable natural characteristics, referring to the chain as the “glamour girls” of all resorts, and “paradise for an enchanted land.” It continues, “They’re not sophisticated, and they’re not seductive – but they have an aura of charm and excitement which is captivating.” This rhetoric both differentiates the languid, leisurely environs of Austin from more fast-paced, “sophisticated” areas and encourages the reader to concentrate on the lakes’ “aura,” an indescribable, unspoken quality similar to sense of place. The article goes on to contrast the natural, rustic beauty of the lakes with the region’s determination to harness that nature, but in a much gentler manner than that employed by Lyndon Johnson in 1937: “Man, with his engineering ability and far-sightedness, has joined hands with Nature, who so richly endowed this

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<sup>51</sup> N.A. “A Golden Hue to Highland Lake Blue,” *Austin in Action*, 1.2 (July, 1959): 8-11; No title, *Austin in Action* 2.4 (September, 1960); for increase in boat sales, “Bill Glaston to Honorable Tom Miller,” January 8, 1958/Folder, “Jan-Feb, 1958”/Box FP F.10B Austin, Mayors, Miller, Robert Thomas, Corr. Jan. 1958-Dec. 1960/Austin History Center, Austin, Texas; N.A., “Commodore, the Amazing Paddleboat That Seems to Have Churned Out of Another Era,” *Austin in Action*, 3.2 (July, 1961).

Colorado River area with rugged and picturesque setting, to form one of the most fascinating stairways of lakes ever assembled.”<sup>52</sup>

These passages illustrate just how far removed from the pragmatic flooding concerns of earlier reclamation and conservation enthusiasts water discourse had become by the early 1960s. Rather than the archetypal “mighty bulwark against the blind and raging forces of nature,” the defining image was now of a region that joined forces with nature to produce beauty and recreation, ostensibly without sacrificing the creature comforts associated with modern urban life. This trope was a central facet of Austin’s place marketing initiatives throughout much of the 1950s and into the 1970s. The verb “assembled” has a particularly obvious technological meaning here, but it is “Nature” doing the assembling rather than the dams. Yet the social meaning of the phrase is important; the lakes are not described as completely natural, but as interplay between man and nature, an indication that hiding their true origin (in the dams) is no longer totally necessary. The production of nature as an artifact of civilization was viewed positively. In this way Austin had in some sense become nature’s city, where humans worked to enhance the natural landscape through beneficent technology rather than destroying it through intense urbanization, an image that in the 1960s was becoming all too real as scenes of urban blight, over-industrialization, and chaos regarding representations of many urban areas in

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<sup>52</sup> “The Lure of the Lakes,” quotes on page 5.

America grew precipitously and came to be associated with cities. Even in Austin, urban renewal was underway by 1960, but its geographic (and racial) reach was so small that pastoral and landscape images could still easily define the city.

Austin as a city was thus also defined as much by a lack of negative urban images as it was by its natural environment. This is an important point that needs to be stressed. The postwar emphasis on suburbanization, the growing association of the urban with poverty, blight, and racial minorities, characterized especially by federal and local urban renewal programs, and growing employment and labor issues gave smaller, less dense, and less industrial cities a distinct advantage in terms of representation. Austin, already unencumbered by the dilapidated industrial infrastructure, large, displaced, and growing pool of unskilled labor, and an eroding tax base characteristic of many cities at the time, also had a plethora of images to sell that were antithetical to the negative connotation of the city. Austin was in fact a paradigm of suburban advantage: it was able to combine the comforts of urban life, cheap power, water, and cultural or leisure attractions, with a decidedly pastoral landscape. Even though Austin of course had many urban problems, the institutional segregation and geographic separation of poorer and minority residents kept them isolated, largely out of the view of more affluent West Austin and out of popular narratives of Austin life (this will be discussed more in Chapter Three). Still, with the completion of Longhorn Dam and the

creation of Town Lake downtown in 1959, Austin was able to bring the image of pastoral urbanism into the heart of the city.

### **Water, Festivals, and Austin's Vision of Pastoral Urbanism**

By late 1957, with the completion of the Longhorn Dam scheduled for less than two years away and the upper lakes already creating millions of dollars in annual revenue, Austin began planning for a downtown lake. Called Town Lake, the small body of water formed the southern boundary of downtown and extended into the East side of the city under the Interregional Highway bridge. Although the Colorado River had always provided water at that spot, the dam's completion ensured that the reservoir would always be filled to the same level and would never again destroy property in the central part of the city. The last infrastructural water improvements on the lakes, right in the heart of Austin, had dramatic effects on the city and demonstrate the extent to which water dominated Austin's image, both as a public good and as a marketing and economic force for the city. Two events underscore the social and cultural logic of water in Austin's downtown area. I will first discuss how Lake Austin functioned as a symbol of Austin's social vision of pastoral urbanism for residents who wanted the waterfront to

remain public property when the Chamber of Commerce attempted to purchase and develop a large plot of real estate in a public park on the northern shore of the lake in 1957. Then I will discuss the Austin Aqua Fest (AAF), the region's archetypal festival and marketing device for decades beginning in the 1960s, and the apogee of Austin's leisure promotion efforts well into the 1970s.

In November, 1957, the Austin Chamber of Commerce announced plans to move its headquarters to a public park on the shores of Town Lake, near Congress Avenue, the city's main north-south commercial thoroughfare. Although the chamber did not announce it, many residents understood the plan as the first step in a process where lakefront property would continue to be privatized by the chamber and other development-oriented outfits. Growth-related discourse rose precipitously beginning during World War Two, and by 1957 Austin was in the midst of its most intense population and economic growth to date, largely because of the lakes. The growth-oriented Austin City Plan of 1955 (discussed in Chapter Three) left little room for advocates of the natural environment by not including any specific measures for responsible development. Immediately, letters from concerned citizens flooded Mayor Tom Miller's office protesting the chamber of commerce's plan. While the letters demonstrate a collective fear of rapid development and a sense that Austin's unchecked, capitalist growth would have deleterious effects on citizens' quality of life, they



also reveal the extent to which water was ensconced as the central motif of the city's social and cultural identity.

Most letters focused on Austin's unique natural landscape which centered on the pastoral nature of the downtown area. Lillian Peek objected to the development because she felt that Austin's most attractive feature was its inimitable landscape; Austin was not "like any other commercial city" because of its relaxing atmosphere. Fred Webster viewed the downtown waterfront as both relaxing and a potential economic benefit, but only if it remained open public space: "How many cities in Texas can match the relaxing vistas of Austin's downtown waterfront with the green expanse of its public park?" he asked. "Surely the Austin Chamber of Commerce . . . must realize that a major selling point to outsiders is Austin's natural beauty and uncrowded physical layout." To Webster, capitalist development of public space along the river was short-sighted. In the long run Austin could prosper more by maintaining its natural spaces while other cities continued to destroy theirs. Elizabeth Gardner made a similar point, identifying the natural landscape and the downtown river as central to Austin's identity. "Where will the continued encroachment upon and destruction of the natural landscape and beauty of Austin lead us?" she asked state Senator Charles F. Herring. Gardner continued by emphasizing the importance of the pastoral to Austin's identity, writing that "the great charm and attraction of Austin lies in what Nature has given us, not what men have created." Here, Austin's sense of

place is again defined by the natural or pastoral. The anti-urban logic of open space advocates was taken to its conclusion by Ruth Isley, who derided the chamber of commerce plan because “next time someone may want to build a factory – once we make an exception.”<sup>53</sup>

Citizens were likewise concerned that private business development would come at the expense of Austin’s natural landscape, and many voiced displeasure with the potential increase in business activity symbolized by the Chamber of Commerce plan. Two concerned women argued that the city’s novel natural characteristics had long been part of the city’s draw, writing, “the people of Austin have been very far seeing in maintaining our heritage of beauty and uniqueness.” Business and industrial development threaten to disrupt the very history of the city. Fred Webster noted that the plan would “set a precedent which would certainly encourage those who seek to exploit the recreational and aesthetic values of public park land for their private gains,” indicating that recreation and beauty were civic characteristics of Austin in danger from waterfront

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<sup>53</sup>“Lillian Peek to Hon. Charles Herring,” November 14, 1957/ Folder, “October-November, 1957”/Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas; “Fred S. Webster to Senator Charles F. Herring,” November 15, 1957/Folder, “October-November, 1957”/Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas; “Elizabeth F. Gardner to Hon. Charles F. Herring,” November 15, 1957/ Folder, “October-November, 1957”/Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas; “Ruth Isley to Mr. Herring,” November 18, 1957/ Folder, “October-November, 1957”/Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas.

development. Mrs. R.Q. Underwood wrote the most aggressively anti-business letter to the city council,

The citizens of Austin . . . react with cynical thoughts about these “servants of the people” who are so much businessmen first that they sacrifice this important and long-dedicated open space to the swollen desires of their fellow business men for a fancy meeting place.

The 140 members of the Travis Audubon Society also voiced their displeasure with the chamber of commerce, claiming that the plan would set a dangerous precedent and undermine the history of Austin as the capital of Texas and the bastion of public culture for the state.<sup>54</sup>

The dozens of letters and multiple newspaper articles condemning the chamber of commerce plan had their desired effect. Less than three weeks after the letter writing campaign began the chamber accepted an offer to lease a space in southwest Austin, far from the waterfront. This small victory for nature enthusiasts in Austin was decidedly anti-growth, portending many civic battles between economic growth advocates and environmentalists in the coming decades.<sup>55</sup> Ironically, though, it was the nature enthusiasts that understood Town

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<sup>54</sup> “Mrs. Ruby Ripperton and Mrs. G.M. McNeilly to Senator Charles Herring,” November 17, 1957/ Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas; “Fred S. Webster to Senator Charles F. Herring,” November 15, 1957”/ Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas; “Mrs. R.Q. Underwood to Austin City Council,” November 18, 1957/ Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas; “Richard G. Underwood to Hon. Charles F. Herring,” November 16, 1957/ Box, “Robert Thomas Miller, April 1956 - December 1957”/Tom Miller Papers/Austin History Center, Austin, Texas.

<sup>55</sup> See Swearingen, *Environmental City*, particularly Chapter Two.

Lake would be a better asset to Austin's economy if it remained public and peaceful rather than commercialized. One citizen wrote that, "If . . . the council keeps it free of commercialization and the attendant objectionable features, the lake may well become something of which Austin citizens may be proud, something which they will be happy to point out to their visitors, and which in the long run will bring more business to Austin than will the commercialization of the lake." Others echoed this sentiment as well.<sup>56</sup> But it also demonstrated the increasingly pastoral identity, associated with the river, that citizens considered the defining characteristic of the city and in some cases a tool to develop the city responsibly. They considered the water and its shoreline public property, something bestowed upon Austin by nature and guaranteed by the founders of Texas, an essential component to Austin's lifestyle and culture. William Swearingen calls the civic pride associated with environmentalism Austin's "environmental meaning," but he locates this meaning in the environmental movement that he argues emerged in the late 1960s and particularly throughout

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<sup>56</sup> "Carl M. Rosenquist to The City Council," May 30, 1960/Folder, "FP F.10B, Miller, Robert Tom, Corr. January-June, 1960"/Box "1958-1960"/Tom Miller Papers/Austin History Center, Austin, Texas; See also, "Walter E. Long to Honorable Tom Miller," June 20, 1960/ Folder, "FP F.10B, Miller, Robert Tom, Corr. January-June, 1960"/Box "1958-1960"/Tom Miller Papers/Austin History Center, Austin, Texas; "Mrs. Herman Jones to Austin American Statesman," June 13, 1960/ Folder, "FP F.10B, Miller, Robert Tom, Corr. January-June, 1960"/Box "1958-1960"/Tom Miller Papers/Austin History Center, Austin, Texas; "Dr. Willis R. Bodine to Mayor Miller," July 9, 1960/ Folder, "FP F.10B, Miller, Robert Tom, Corr. July-August, 1960"/Box "1958-1960"/Tom Miller Papers/Austin History Center, Austin, Texas.

the 1970s and 1980s, when in fact citizens valued the landscape as a source of civic pride much earlier.

Perhaps nothing illustrates the importance of water, and the turn towards water as a major cultural attraction of Central Texas, more than the Austin Aqua Festival (AAF). AAF is an example of festival tourism, which indicates a spatially localized, temporally contiguous event designed to celebrate a place's unique, authentic characteristics. To Hal Rothman, festival tourism represents a quick injection of capital into the economy, a form of place marketing, but not something the economy relies on or something that negatively affects local culture. Festivals also must create, through entrepreneurial vision, a sense that what they are celebrating is meaningful and worthy of spending money on for consumers.<sup>57</sup> In Austin, the AAF was an obvious symbol of what was unique: abundant water, especially dramatic during the intense heat and dryness of typical Texas summers which were usually slow economic periods as well. It was also a celebration of civic pride for many Austinites; in the festival's first year nearly 4,000 citizens volunteered. Most of all, the event allowed the city to show itself off. From the new municipal auditorium to the far reaches of the Highland Lakes, visitors and locals alike were encouraged to look at what the city and region had

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<sup>57</sup>Hal Rothman, "Stumbling Towards the Millennium: Tourism, the Postindustrial World, and the Transformation of the American West," *California History*, 77.3 (Fall, 1998): 140-155. See p. 140; Hal Rothman, "Selling the Meaning of Place: Entrepreneurship, Tourism, and Community transformation in the Twentieth Century American West," *Pacific Historical Review* 65.4 Tourism and the American West (Nov. 1996): 525-557, see 525.

to offer and to envision Austin as one small part of a much larger pastoral region and focus on the seamless transition from small city to rustic hinterland. With the AAF, the city council and chamber of commerce found a way to profit directly from the lakes while simultaneously emphasizing the natural beauty and public character they embodied.<sup>58</sup>

The festival was created shortly after the dam was finished and Town Lake's supply of water was finally regulated. The dedication of Longhorn dam, while a happy event, did not include many activities; the only use the water had at the celebration was as the site for a water skiing demonstration. In 1961 the Austin Ski and Boat Club sponsored a local water ski meet on Town Lake. Shortly after, Tom Perkins, manager of the Austin Chamber of Commerce Tourism and Recreation Department, attempted to organize a water festival. The idea was accepted almost immediately by the chamber and then quickly by the city council. The two groups would cosponsor the festival, providing another major public-private partnership intent on expanding the local economy using water. The city and chamber hosted the first of what would eventually be over thirty AAFs in 1962. The success of the festival is indicative of the popularity of water recreation in Austin and of successful marketing practices and events.<sup>59</sup>

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<sup>58</sup> For number of volunteers, see N.A., "Aqua Festival had Civic Start," *Austin American*, August 16, 1971.

<sup>59</sup> N.A. "Delegates Enjoy Aqua Festival Bonus," in *The Texas Public Employee* (Aug., 1973)/Folder, "AF Aqua Festival A5200 1970-1973 (9)-(12)/Vertical File/Austin History Center, Austin, TX.

The specific features of the AFF reveal ideas and themes that are of great importance to understanding how the new water technology operated for the region. The chamber and city were not at all shy about publicizing their intentions for the festival, and they had them published in all sorts of media, from newspapers to flyers and magazines. The goals were fairly simple. The first and most obvious was to publicize the water and recreational resources of the Highland Lakes to both regional and national markets in the hope of drawing long term business revenue, along with potential migrants to the region. As with most other promotional opportunities, the chamber and the city worked together in an entrepreneurial capacity, actively seeking investment and long-term capital for the region. The second goal was the more immediate economic benefit of a yearly festival that would bring tourist and vacation dollars to local businesses, especially during the hot Austin summers when consumption usually plummeted and businesses often closed or curtailed hours. This “stimulus” as the chamber called it would provide short term relief and seasonal stability to a host of small businesses in the area. Finally, AAF was imagined as a source of civic pride and community building. Austin residents were encouraged to take ownership of the festival by volunteering time and by enjoying the myriad entertainments provided by the city.<sup>60</sup>

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<sup>60</sup> Vance E. Murray, “1965 Austin Aqua Festival,” in *Municipal Perspective* (1965)/Folder, “AF Aqua Festival A5200 1962-1969 (1)-(8)”, Subject File, “Aqua Festival”, Austin History Center, Austin, TX.

The ten-day event was structured in a way that emphasized the entire region rather than just the city or the downtown, although most of the eclectic events were situated near the downtown area in and around the city's new Municipal Auditorium. Each year the AFF was kicked off with a four day canoe race starting at the far reaches of the uppermost lake, Lake Buchanan, and ending in Town Lake near downtown Austin. Canoe teams from all over Texas assembled into relay groups that took turns maneuvering their crafts down the lakes and intermittent stretches of river. The event emphasized natural continuity and seamlessness, focusing viewers' attention on the unbroken string of water extending well over 100 miles. It also emphasized continuity between the vast rural hinterlands to the northwest of the city and the downtown core as well as displaying Austin as a city rich in natural beauty. As a natural extension of the lakes, Austin provided the central location from which to enjoy them. Spectators could stop to marvel at the numerous dams along the way and the powerful hydroelectric turbines that modernized the areas around them. The festival officially began as the competitors finished the grueling test of endurance amidst large crowds in downtown Austin. Throughout the festival events were held in towns all along the lakes, drawing people to outlying areas as well as the city.<sup>61</sup>

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<sup>61</sup> N.A., "1<sup>st</sup> Annual Austin Aqua Festival" (Brochure); "The Seventh Annual Austin Aqua Festival" in *Holiday Inn Magazine*," (July, 1968)/Folder, "AF Austin Aqua Festival A5200 1962-1969 (1)-(8)/Subject File, "Aqua Festival"/Austin History Center, Austin TX. One of the main attractions each year held away from downtown was the AAF Art Festival at Buchanan Dam, where local producers displayed art right at the dam.



Other AAF events focused on Austin's water resources, but they blended these with other forms of cultural production. All AAFs throughout the 1960s and early 1970s featured competitive water sports geared towards visual consumption and excitement for crowds. The large lake system was perfect for water sports, which drew competitors from all over the country. Professional water skiing was a main attraction, and by 1966 the festival hosted the National Water Ski Kite Flying Championship as well as other regional water skiing competitions. Regatta sailing races were held annually along with amateur fishing contests, and by the mid-1960s professional drag boat races were held on Town Lake. Many of these events were broadcast on national television. Sporting events illustrated the multiple recreational possibilities for the lakes, but they were not the only water-based events. Aquacade, a floating parade and concert on Town Lake near downtown, emphasized civic pride and economic activity right on the water. At the first AAF in 1962, television personality Art Linkletter crowned the "Queen of the Lake" as part of the pageant of the same name. The Queen and her court provided many photo opportunities on the water as well as being one of Aquacade's main draws. The Rio Noche Parade, a nighttime parade on Town Lake, was one of the single biggest draws of the festival, entertaining about 150,000 spectators in 1968. Tennis and golf tournaments were also held in and around the city, and in 1966 the first Carrera de la Capital Auto Race, held at a track north of Austin, and the Commodore's Auto Show demonstrated a growing

interest in land-based races and automotive ingenuity. The earlier festivals concluded with a public gospel “sing song” event in Zilker Park. The AFF was in some ways a manifestation of the ideas first documented in the “Highland Lakes of Texas” twenty-five years before, albeit a more private, profit-driven mode of production than the earlier piece imagined.<sup>62</sup>

Many new events were created as the AAF evolved over its first decade, many of which did not directly involve water. These forms of cultural production were, however, linked to City’s water-based form of place making simply by being promoted as part of the AAF. One of the most important and interesting of these new events was the series of Hollywood movie premieres at the festival beginning with the world premiere of *Batman* in 1966. With Adam West and Burt Ward on hand, the Paramount Theater in downtown Austin hosted two screenings of the film, both of which sold out quickly. Where earlier AFFs had multiple musical concerts, by 1966 the most popular concert was a “Battle of the Bands” held each year at Municipal Auditorium. By 1972 the Battle had become so popular that individual tickets needed to be purchased for the two day event, rather than just opening the doors to the public as was done previously. Film

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<sup>62</sup> “1<sup>st</sup> Annual Austin Aqua Festival;” “Municipal Perspective,” (pamphlet, July 1966); Bob Inderman , “Rio Noche Night Water Parade Thrills 150,000,” *Austin American Statesman*, August 10, 1968; Ginger Banks, “Thousands Witness Aqua Fest Parade,” *Austin American Statesman*, August 2, 1969/Folder, “AF Aqua Festival A5200 1962-1969 (1)-(8)/Subject File, “Aqua Festival”/Austin History Center, Austin, Texas.

premieres and concerts, begun at AAF, soon evolved into Austin's premiere tourist attractions and engendered other festivals.<sup>63</sup>

The festival also began offering events related to Bergstrom Air Force Base and Texas-based NASA, demonstrating the growing importance of technology industries to Austin, many of which focused on aeronautics. Begun in 1966, the NASA Space Exhibit promoted interest in space travel and held education demonstrations for children. By 1969 the festival included Austin Aerofest, which took place at Bergstrom Air Force base just southeast of the city. Highlighted each year by parachuting servicemen and an air show put on by pilots, Aerofest rapidly became one of AAF's most popular events, drawing 80,000 spectators in 1970. By the 1970s, festivals also began including ethnic-based aspects to the AFF, where evening activities were focused around a particular form of ethnic cuisine, dance, and culture usually based on Central Texas's prominent ethnic heritages at the time, German, Mexican, Czech, and African American.<sup>64</sup>

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<sup>63</sup> "Municipal Perspective," (pamphlet, July, 1966)/Folder, "AF Aqua Festival A5200 1962-1969 (1)-(8)"/Vertical File/Austin History Center, Austin, TX; N.A., "Aqua Band Contest on Sunday," in *Austin American Statesman*, July 27, 1972; N.A., "Aqua Band Contest Altered," *Austin American Statesman*, July 20, 1972/Folder, "AF Aqua Festival A5200 1970-1973 (9)-(12)"/Subject File, "Aqua Festival"/Austin History Center, Austin, Texas.

<sup>64</sup> "1969 Austin Aqua Festival," (Brochure) /Folder, "AF Aqua Festival A5200 1962-1969 (1)-(8)"/Vertical File/Austin History Center, Austin, TX; Crispin James , "Bergstrom's Aerofest Draws 80,000 Viewers," *Austin American Statesman*, August 8, 1971; Rick Timmons "Color Austin Aqua," (NP), July 26, 1972/Folder, "AF Aqua Festival A5200 1970-1973 (9)-(12)"/Subject File, "Aqua Festival"/Austin History Center, Austin, Texas.

Although AAF promoted ethnic diversity, by the early 1970s its leadership structure and various planning committees were decidedly white and most came from upper reaches of Austin society. Their AAF was centered around the Admirals Ball, an invitation only dinner hosted by that year's festival President, Commodore, and Vice Commodores where each year's "Queen of the Lake" was crowned. The leadership of the festival planning committee was set up as a fairly rigid hierarchy with the President and Commodore doling out responsibilities to Vice Commodores, who oversaw specific aspects of the festival. The Admirals Club threw the event and essentially planned the entire festival throughout the year; each Ball had a geographic and ethnic theme, usually associated with an exotic port from around the world. The choice of Navy ranks for the leaders of the AAF is an obvious indication of the special place water had in Austin, even among business and political elites.<sup>65</sup>

As an example of conscious and organized place making, AAF was a tremendous success civically as well as economically. It was also a celebration of a resource that differentiated Austin from much of the surrounding landscape, especially in the middle of the summer. In sheer numbers AAF was wildly popular from its inception. An estimated 250,000 people attended the first AAF in

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<sup>65</sup> N.A., "Plans for Admirals Ball Made at Party," *Austin Statesman*, June 29, 1966)/Folder, "AF Aqua Festival A5200 1962-1969 (1)-(8)"/Subject File, "Aqua Festival"/Austin History Center, Austin, Texas; "The Admirals Club," (program, 1972) had a Indian theme revolving around images of the God Krishna/Folder, "AF Aqua Festival A5200 1970-1973 (9)-(12)"/ Subject File, "Aqua Festival"/Austin History Center, Austin, Texas.

1962, more than the number of citizens in Austin at the time. By 1970 nearly that many people were attending the Rio Noche Parade; over one million people attended the festival. As early as 1962, AAF was Texas's number one tourist draw, and the Aqua Fest Planning Committee never tired of reiterating that AAF was one of the "top ten festivals in the nation" from 1967 into the 1970s. By 1971 AAF could also count on over 4,000 unpaid volunteers working at various jobs. Obviously the festival was a source of pride and commitment on the part of citizens. The festival helped to reinforce the city's self-applied, tourism-fueled monikers, "The Friendly City," and "The Fun-tier Capital of Texas," an obvious play on the national image of Texas as a frontier state. The planners of Aqua Fest also promoted the event by sending floats to parades in other cities, essentially advertising for AAF. By the early 1970s the City of Austin was bringing in \$14 million a year in tourist revenue; at least 20 percent of that money was brought into Austin during Aqua Fest.<sup>66</sup>

Aqua Fest was the most obvious manifestation of the symbolic importance of water to Austin and Central Texas. It was also the key economic engine for Austin businesses in the summer and an innovative way to showcase the attractive

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<sup>66</sup> N.A., "Austin Aqua Festival 1963," (brochure); "1965 Austin Aqua Festival," Vance E. Murphy, *Municipal Perspective*, 1965; N.A., "Aqua Winner," *Austin American Statesman*, September 24, 1964; N.A., "Brown Issues Welcome," (ND, NP)/ Folder, "AF Aqua Festival A5200 1962-1969 (1)-(8)"/Subject File, "Aqua Festival" /Austin History Center, Austin, Texas; N.A., "Aqua Fest had Civic Start," *Austin American*, August 16, 1971; "1970 Austin Aqua Fest," *Go* (August 1970)/ Folder, "AF Aqua Festival A5200 1970-1973 (9)-(12)"/ Subject File, "Aqua Festival"/Austin History Center, Austin, Texas.

features of the city and region. The festival was simultaneously a strong economic engine and also a way for the city to market its abundant natural resources to visitors from all over the Southwest. Water was essential to hot weather recreation, and Central Texas had more of it than any area within hundreds of miles. Still, it was the idea of recreation and leisure pursuits, created over decades by business people and politicians, which fueled Austin's growth from the 1940s into the 1960s. An aggressive marketing campaign aimed at tourist revenue, population growth, and a more robust economy drove the water-based discourse that quickly became a cornerstone of Austin's identity. With the water technology, initially so vital to modernity and day to day safety in Central Texas, in place, Austin leaders were able to recharacterize the once hostile and foreboding natural landscape as beautiful, leisurely, and desirable, in just a few years. This radical change was made possible by federal investment and the LCRA, but carried out to fruition by a wide variety of both public and private interests in Austin and Central Texas.

These examples of place making were very inventive at a time when David Harvey claims that municipal governments were more concerned with providing services to residents and remaking the physical landscape than in attracting capital. Austin took its first step towards becoming a natural city at a time when urban centers were increasingly associated with pollution, crime, poverty, and corruption. Between the 1950s and 1970s urban renewal regimes and

dilapidated urban infrastructure left many older cities in shambles, without economic prospects or sufficient tax revenue as residents fled to new suburban developments. Depictions of cities in popular culture became increasingly foreboding, as the popular image of the city became associated with a variety of problems.<sup>67</sup> Austin was thus able to differentiate itself from older industrial cities in myriad ways: lack of industrial architecture, openness, natural beauty, and a growing economy. In this way Austin leaders gave the city a great competitive advantage long before most municipalities recognized the value of attracting tourism and encouraging economic growth through leisure activities.

Ironically, the success of tourism and the water-based economy more broadly in Central Texas allowed the region to resist extensive industrial development while still promoting and encouraging regional growth. This was contrary to some earlier ideas of urban growth in Austin, which imagined water and power as magnets for industrial development. Aside from a few small, local and regional production facilities, most of which were geographically concentrated away from centers of population and leisure, Austin remained essentially non-industrial and could focus its marketing initiatives on cleanliness and quality of life. Austin's anti-industry efforts and quality of life reputation paid off in March 1965, when *U.S. News and World Report* rated Austin as one of the fourteen "most desirable [sic] places to live" in the United States. The same

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<sup>67</sup> Harvey, "From Managerialism to Entrepreneurialism."

publication later published a Bureau of Labor Statistics report that found Austin was the also most inexpensive metro area in the country.<sup>68</sup>

When thinking about the history of the “creative city,” then, it makes sense to view Austin’s unique non-industrial urban landscape as a key feature in attracting talent and business under postfordist regimes. Unencumbered by the burdens of deindustrialization and secured firmly in the Sunbelt economically, Austin’s enviable position as “most creative city” on Richard Florida’s 2006 list has much more compelling historical foundations than simply a tolerant culture and a plethora of cultural opportunities. As symbol and in reality, the fate of Austin from its beginnings in the nineteenth century well past the middle of the twentieth century was tied to harnessing and controlling water. Led by the LCRA and other well-connected, entrepreneurial politicians, the state rapidly built infrastructure for this purpose, culminating in a series of dams and reservoirs that became harbingers of both commerce and consumption in Central Texas. Viewed in the 1930s as primarily beneficial to the agricultural hinterlands for farming and flood control, by the 1950s and 1960s the infrastructural improvements ushered in an era of urban growth based largely around leisure, tourism, and consumption activities that understood water as cultural capital and viewed its benefits as social and economic. Rather than the overwhelmingly public nature of the 1930s, later

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<sup>68</sup> N.A., “For Payrolls, the Big Push,” *Austin in Action* (April, 1966); N.A., “Centex Soars in State’s Biggest Jump,” *Austin Statesman*, July 25, 1968.



economic development was characterized by public-private partnerships or frequently private investment related to water. The lakes quickly became “naturalized” as part of the environment, and secondary benefits as sites of recreation became key to the region’s prosperity.

### **The Environment and Austin’s Geography of Difference**

Controlling the water had many real economic and geographic benefits for Austin. In the prolonged drought of the early 1950s, for example, Austin was the only major city in the State of Texas that did not have to ration water. In 1957, the City of Austin estimated that the dams saved residents at least \$13 million in damages when a severe flood on the Colorado was contained. Property along the river, particularly in South Austin, was able to be developed and taxed because the area was no longer prone to inevitable destruction from flooding; much of Austin’s civic infrastructure, which was used to attract circulating capital and host cultural events, was built just south of the river in areas that were previously very dangerous to build on. The lakes allowed for enough water to cool new power plants for city residents, providing extremely cheap electricity to residents and

businesses. The Highland Lakes Tourist Association estimated annual tourist revenue from the lakes at between five and seven million dollars in 1960.<sup>69</sup>

Infrastructural improvements and economic success in Austin proved to have a very particular geographic and social context, however. The dams and reservoirs were almost entirely in the west and northwest portions of the city. This of course brought much more revenue to Austin's Westside and also encouraged further residential and economic development west of downtown. Developers and citizens vociferously encouraged development towards West Austin, citing the lakes as a primary reason. One citizen, who owned 115 acres on the banks of Lake Austin, argued that the city would be the most beautiful in the country once the western hills were developed and bridges were built to connect the east and west sides of the river. Already small communities in the hills were being annexed, and new residential developments were being planned.<sup>70</sup> The growing lake communities and businesses would cater to an upscale population geared towards upscale consumption. The city and region had followed, and would continue to follow, development of the western and northwestern portions of the urban landscape. It was rarely mentioned that almost no minorities lived in the west and northwest portions of the city. Theirs was the Eastside of the city, and it

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<sup>69</sup> "L.C.R.A. A Boon in -," *Austin in Action*, 3.2 (July 1961).

<sup>70</sup> "J.B. Mitchell to W.T. Williams," February 18, 1958/Folder, "FPF10.B"/Tom Miller Papers/Austin History Center, Texas.

bore little resemblance to the sprawling, growing, watery, and white rest of the city.

By the 1970s, AAF events on Town Lake in East Austin became symbols of racial discrimination for some Latino residents in a social landscape increasingly marked by minority protests aimed at uneven community development, urban renewal, and economic stagnation in East Austin, the home of most minorities in the cities since 1928. The geographic cooptation of Latino space, which was the municipally designated de facto Mexican neighborhood in Austin for decades, and the festive atmosphere of white privilege in the area during the AAF proved more than many Latinos could bear by the early 1970s. One of the sites of intense protest was the AAF, which used East Austin's limited space on Town Lake for motor boat races, the loudest and most polluting water events that AAF hosted, and also a major marketing tool for the city because they were often televised nationally. During the late 1960s and throughout the 1970s, a number of Latino-based social and economic organizations emerged to defend their neighborhoods against what they saw as real estate development that benefited Austin's business interests at the expense of minority spaces. The East Town Lake Citizens Neighborhood Association, El Concilio, the Austin branch of the Brown Berets, and the East Austin Chicano Economic Development Corporation focused on defending the East Side against outside development. These groups were also part of larger Latino movements for civil and economic

rights and cultural autonomy and pride that flourished just after the Civil Rights Acts of 1964 and 1965.<sup>71</sup>

To many residents, AAF's use of space in East Austin was a clear demonstration of the city's disregard for the neighborhood and its largely minority population. During most of the year very few of Austin's West side residents came to the East side. But during AAF the portion of the Holly Street neighborhood on the North bank of Town Lake accommodated spectators for boat races. Paul Hernandez, one of the founders of Austin's Brown Berets and a longtime community activist in East Austin, related the tensions created for residents by the motor boat races in an essay written in 1993 entitled "Defending the Barrio." Hernandez discusses how the neighborhood was disrespected by festival-going whites:

It bothered the old folks. And it bothered folks who lived in the immediate area. These people with the flashy boats and the flashy litter didn't have any respect. They littered the neighborhood. Those upstanding citizens should have been charged with indecent exposure because they were urinating all over the goddamn place. They would piss right by the car in somebody's yard, and it was that kind of disrespect that got people angry.

Hortencia Palomares, another Chicano activist in East Austin, described a similarly hostile situation:

They would close up the neighborhood and all these people. Mostly gringos who had boats would come for Aqua Fest. The barrio people were totally disregarded; people would park anywhere, even in private properties, trample it, make a big mess, and a lot of people were drunk, of course, and they would pee in people's yards. There weren't a lot of Mexicanos going to see the races.

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<sup>71</sup> Paul Hernandez, "Defending the Barrio," in Darryl Janes, ed. *No Apologies: Texas Radicals Celebrate the 60s* (Austin: Eakin Press, 1992): 122-130.

Aside from the obvious noise and pollution issues produced by the boats, the way the neighborhood was treated, and the apparent lack of police presence, demonstrated racial unevenness.<sup>72</sup>

But when activists actively protested the boat races in 1978, police quickly intervened. Land use was a central concern for East Austin residents during AAF. Festival Beach, a large park on the North bank of Town Lake, for most of the year served as a primary public space for the Mexican-American community of Austin. Like all of Austin's metropolitan parks, it was used by residents free of charge for most of the year; but during AAF the city fenced off the park and charged a fee to get in to watch the boat races. The 1978 protests used the entrance fee at Festival Beach as a rallying point, but they were designed to focus attention on unfair treatment of minority residents and on misuse of private property, more so than on the actual park space. During the protests, Paul Hernandez and other Brown Berets were forcibly removed from the area by police. Hernandez was photographed being "manhandled" by police officers, and charges of police brutality surfaced from all over the East Austin community.<sup>73</sup> The publicity did force the city to relocate the boat races for 1979, constituting a grass roots victory

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<sup>72</sup> Hernandez, "Defending the Barrio," 127; Quoted in Mary Jane Garza, "Tracking the MACC: A Brief History of Austin's Latino Culture Center," *Austin Chronicle*, June 12, 1998. <http://www.austinchronicle.com/arts/1998-06-12/523624/>, Accessed May 11, 2011.

<sup>73</sup> Hernandez wrote that three Mexican-American youths were killed by Austin police between 1972 and 1974, one of whom was shot in the back of the head after a burglary and found in possession of bread and milk. "Defending the Barrio," 129.

for Latino political activists. The City Council also gave the neighborhood \$60,000 for improvements along Town Lake as a result of the protests.<sup>74</sup>

While the AAF boat races demonstrate the brazen disregard that the city had for the Mexican American community, they were not the only instance of geographic unevenness related to land and water development in Austin. Uneven development, originally articulated by Marx in his theory of capitalist accumulation to explain great differences among national economics, has become a popular term in contemporary urban geography. Since space is considered to be socially produced (produced by social and economic relations), capitalist socioeconomic systems create geographically uneven development because of uneven distributions of capital. Scholars have used this idea as a basis for studying myriad types of uneven spatial production, from gentrification to suburbanization to divisions of labor. While no consensus exists as to exactly why uneven development occurs, according to many theorists studying spatial production is a primary means of understanding how capitalism continually produces and reproduces social and economic difference at all levels of society.<sup>75</sup>

In Austin, between roughly 1937 and the mid-1970s, capital investment, local

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<sup>74</sup> Mary Jane Garza, "Tracking the MACC: A Brief History of Austin's Latino Culture Center," *Austin Chronicle*, June 12, 1998. <http://www.austinchronicle.com/arts/1998-06-12/523624/>, accessed May 11, 2011.

<sup>75</sup> See, for example, Neil Smith, *Uneven Development: Nature, Capital, and the Production of Space* (New York: Blackwell, 1984); David Harvey, *Justice, Nature, and the Geography of Difference* (Cambridge: Blackwell, 1996).

modes of production, and spatial patterns of socioeconomic activity and settlement were fundamentally restructured by the dams and lakes. New Deal capital, ostensibly invested for the benefit of all Central Texas, was in reality distributed according to already-existing racial patterns which created a glaring disadvantage for minorities and served to segregate them even further from Austin's loci of profit. The city was able to advertise itself as "natural" in large part because the "urban" part of the city was contained and cloistered, more of a space in which to view celebrations than a space where poor people lived. As urban promoters began characterizing Austin as a harmonious blend between city and nature rather than as man dominating hostile nature, it was increasingly obvious that this harmony depended largely on the economic, social, and spatial domination of the East side as neighborhood. The discourses, events, and images that were used to promote the recreational aspect of Austin's cultural and landscape erased the Eastside; in practice the city attempted to remake the Eastside into an industrial district that would benefit Anglo industrial interests without urbanizing pristine or suburban areas of the city.

What we find, ironically, is that Austin's increasing competitiveness as a recreational region, marked by large gains in circulating capital and increases in leisure-based and real estate investment through urban marketing, further undercut minorities' competitiveness because of the city's bifurcated geography and state-sponsored segregation. The lakes amplified and illuminated uneven

local development rather than producing wholesale regional gains as capital migrated west and northwest of the city center after World War Two. The concentration of minorities into small, more urban areas also kept them out of view of most white residents and visitors, except for during AAF, when the neighborhoods functioned as sites of white pleasure. The AAF motor boat races also produced East Austin as a space that was simply a good place, almost bereft of its citizens and property (except as toilets), to watch a spectacle designed to be consumed by “Town Lake Cowboys.”<sup>76</sup> Paul Hernandez correctly argues that “It was called the ‘boat race issue,’ but that’s really a misnomer. It was really a land development issue. It was an issue of community rights and an issue of how the poor and the people of color and elderly people are treated vs. pleasure, luxury, and profit.”<sup>77</sup> Hernandez was keenly aware that the lakes were sites of white pleasure and profit which undermined minority autonomy. The boat races were just one example of spatial domination; for Austin’s Anglos the Eastside was a place to store things that did not fit with the city’s clean, natural, and bucolic image.<sup>78</sup>

So the dams and lakes, such an integral aspect of Austin’s growth and image, much also be viewed dialectically, as infrastructure that gave Central

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<sup>76</sup> “Defending the Barrio,” 128.

<sup>77</sup> “Defending the Barrio,” 129.

<sup>78</sup> This subject will be addressed at length in Chapter Three.



Texas a regional advantage while simultaneously generating increased economic unevenness, largely based on racial geography. As the city grew rapidly after World War Two and the lakes became naturalized, Austin began promoting itself as a pastoral city. Maintaining this image meant that elements which were perceived to detract from the pastoral were increasingly segregated into specific areas away from natural settings and lacking access to the myriad forms of revenue water created in the region. In Chapter Two, the same pattern emerges regarding business growth and The University of Texas during roughly the same period. Austin's water discourse had come full circle, from domination of nature to harmony with nature. In terms of tourist revenue, though, some of the same discourse of modernity remained from the *Harper's* article written in 1893. A 1965 story in *Austin in Action* noted that tourism was the third largest industry in the United States, and that Texas was lagging behind; it was only the thirteenth largest in Texas. But Austin was at the forefront of the tourism revolution. "All this [the lakes] is part of Texas' new image – from a land of bowlegged cowboys and wide open spaces to a vacation pleasureland."<sup>79</sup> The idea resonated with Austin's newly-minted nickname, "The Fun-tier Capital of Texas," which also played on the image of the cowboy on the frontier as something Texas has grown out of, again.<sup>80</sup>

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<sup>79</sup>N.A., "Master Plan for Dollar Flow," *Austin in Action* (May, 1965).

<sup>80</sup> N.A., "Austin – Fun-tier Capital of Texas," *Austin in Action* (March, 1965).

The Highland Lakes and dams created opportunities for investment in Central Texas and provided the infrastructure necessary for both growth and ideologies of growth. From a national perspective they are forms of welfare capital investment that were designed to modernize underdeveloped regions and open them up for more dynamic capital relations. Austin is thus part of a region that owes much to the improvements made through federal intervention as primitive accumulation that initiated economic growth.<sup>81</sup> Hence, public investment increasingly generated private wealth as the Central Texas economy matured after World War Two. Because public funds were administered locally, growth was increasingly directed privately, and the existing geography of segregation in Austin, public investments both demonstrated and reproduced high levels of unevenness in Austin. A vision of Austin as a pastoral place drove development in a suburban mold and segregated undesirable urban elements in specific areas of the city. Pastoral ideology was complemented by a growth apparatus comprised of politicians, business people, and academics, who sought to grow Austin in a similarly non-industrial framework. Non-industrial growth entailed focusing on the city's non-urban character, but also on the non-industrial nature of Austin's labor force and the potential for accumulation based on knowledge work. Chapter Two turns to Austin's emerging growth apparatus in

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<sup>81</sup> This argument is made for much of the American West in Gerald D. Nash, *The Federal Landscape: An Economic History of the Twentieth Century West* (Tucson: University of Arizona Press, 1999).

the postwar period, which developed Austin's economy in a way that complemented the city's landscape and culture.

## **TECHNOPOLE PROTOTYPE: ENTREPRENEURIALISM, RESEARCH, AND THE EARLY INFORMATION ECONOMY IN POSTWAR AUSTIN**

In May of 1983, the newly-founded research consortium Microelectronic and Computer Technology Corporation (MCC) announced that it would locate in Austin, Texas, choosing Austin over fifty-six other competitive bids from around the country. MCC was the first consortium of its kind; as an amalgam of the research interests of twelve high technology corporations, it was invented to pool valuable technological resources in an effort to better compete with the growing Japanese computer and software industries whose rise in market share in the semiconductor industry was staggering. For Austin, MCC represented a major prize in terms of international prestige and a certain boon to a local economy already marked by sustained growth and relative affluence. The victory, though, was more than just economic. It was a victory for Austin, and Texas more broadly, that reflected the region's growing significance to national business, scientific, and intellectual communities and a monument to the commitment and cooperation of growth-oriented Texans. Indeed, MCC Chief Bobby Inman lauded Texas's ability to marshal the type of resources that his company needed: \$15 million towards new university research and personnel; exorbitantly low rent in world class research facilities; and even low interest home mortgages for MCC employees. These benefits were funded by a wide variety of public and private concerns from all around Texas. The long term

advantage, one commentator explained, was that MCC would be “a catalyst for the growth of a Texas equivalent of the high-tech havens near San Francisco and Boston.”<sup>1</sup>

One of the major aspects of Austin’s benefits package to MCC was, of course, the University of Texas and its myriad technological and human resources. The Balcones Research Center of the University of Texas (BRC)<sup>2</sup>, since 1946 an off campus research facility nine miles northwest of campus, was promised to house a laboratory and office on twenty acres of land that would be leased to MCC at a nominal cost. The BRC had long housed quasi-private research groups, often technically employees of the University of Texas but in actuality operating independently of the university with contract funds from either federal or private sources. During the 1980s, as Richard Florida explains,

The university was posed as an underutilized weapon in the battle for industrial competitiveness and regional economic growth. Even higher education stalwarts such as Harvard University’s then-president Derek Bok argued that the university had a civic duty to ally itself closely with industry to improve productivity. At university after university, new research centers were designed to attract corporate funding, and technology transfer offices were started to commercialize academic breakthroughs.<sup>3</sup>

Florida goes on to argue that universities’ place in local and regional economic accumulation is closely tied to the development of entrepreneurial business outfits, as well as the actual research that they produce. In Florida’s view, Austin’s quality of place

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<sup>1</sup> John Walsh, “Texans Woo and Whelm MCC,” *Science*, 220.4601 (June, 1983), 1025.

<sup>2</sup> Since 1994 called the “J.J. Pickle Research Campus” after the late Congressman J.J. Pickle.

<sup>3</sup> Florida, *Cities and the Creative Class*, 143.

and its ability to encourage and absorb technology-based startup companies (often times from the University of Texas) are what have made it successful.<sup>4</sup>

Florida's arguments regarding regional and interurban economic competition in the 1980s and 1990s are part of a much larger discourse surrounding broad, macroeconomic ruptures brought about by deindustrialization and globalization from the 1970s onward. Briefly, deindustrialization in the United States implies the change from a fordist-style of production and accumulation, based around industrial, assembly line production and a vertical system of management to a more horizontally configured, flexible style of accumulation based more around financial markets, services, information production, and real estate. This can also be called a change from reliance on primary circuits of capital to secondary circuits of capital, where the production of materials has waned in importance and services and financial markets have risen in importance. The outcomes of such changes have been far reaching, and the effects on labor in the United States have been deleterious as millions of financially stable blue collar manufacturing jobs have been lost in the decades since the 1970s. Additionally, deindustrialization was accompanied by neoliberal political regimes, which favored the accumulation of capital at the expense of labor rights and free market policy regarding the economy, in sharp contrast to the Keynesian welfare state which dominated the period from 1940 to 1970 and brought general prosperity by encouraging mass consumption through high wages and strong trade unionism. For urban geographers, sociologists, and other scholars of

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<sup>4</sup> Florida, *Cities and the Creative Class*, 143-154.

political economy and urban culture, deindustrialization and its attendant economic restructuring have caused massive and lasting changes in urban geography and urban political culture.<sup>5</sup>

One of the primary political economic changes wrought by the new neoliberal regimes in the United States in the 1980s and 1990s was the trend towards interurban competition, where increasingly municipalities vie with one other to attract potential businesses, often at the expense of providing services to citizens. David Harvey's 1989 article entitled "From Managerialism to Entrepreneurialism: The Transformation of Urban Governance in Late Capitalism," has since become the standard theoretical work on the impact of urban competition, though various scholars have addressed the subject. To Harvey, the scramble for capital under neoliberal regimes beginning in the 1970s, when President Richard Nixon famously declared the urban crisis over and many long-standing American industries and labor organizations were crippled, and accelerating under Reaganomics and roll-back deregulation in the 1980s, defines municipal politics under late capitalism and undermines the citizenship possibilities of dispossessed lower and working class urban residents. Although there are very tangible reasons for the entrepreneurial shift (higher levels of unemployment, fiscal austerity, increasing ideologies of privatization), Harvey asserts that entrepreneurialism eventually forces

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<sup>5</sup> See, for example, David Harvey, *The Condition of Postmodernity* (Malden, MA: Blackwell Publishing, 1990), 141-172; David Harvey, *A Brief History of Neoliberalism* (NY: Oxford University Press, 2005), especially 5-38; Barry Bluestone, *The Deindustrialization of America* (NY: Basic Books, 1982); Jason Hackworth, *The Neoliberal City* (Ithaca, NY: Cornell University Press, 2007), especially 17-39; Manuel Castells, *The Informational City: Information Technology, Economic Restructuring, and the Urban – Regional Process* (Oxford: Basil Blackwell, 1989), especially 307-347.

municipal governments to adopt austere, aggressive capitalist policies or else suffer the consequences of economic stagnation. To this end, municipal and regional governments increasingly seek to create, disseminate, and publicize local advantages that highlight reasons why their localities are good for business.<sup>6</sup>

Harvey's essay also lays the theoretical groundwork for myriad investigations into the nature of particular forms of urban entrepreneurialism and opens larger questions concerning the dynamics of urban growth and decline in a world that he characterizes as increasingly competitive and volatile. One area where Harvey asserts some broad questions, but does not seem to expect any answers, is in the realm of temporal, rather than spatial, capitalist relations. For example, Harvey takes for granted that in the United States local civic boosterism and entrepreneurialism have long been "a major part of urban systems," but he does not go further than to date them to 1972.<sup>7</sup> Similarly, Harvey, along with many other scholars, links urban entrepreneurialism and interurban competition directly with deindustrialization, which Harvey claims began in 1973. A question that can be asked regarding the temporal manifestation of entrepreneurialism, then, is to what extent is it linked to this most recent round of capitalist restructuring in American cities? The answer seems almost axiomatic when reviewing the literature on the older, major urban centers of the Northeast and Midwest that felt the brutal impact of

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<sup>6</sup> David Harvey, "From Managerialism to Entrepreneurialism: The Transformation of Urban Governance in Late Capitalism," in *Geographiska Annaler. Series B, Human Geography* 71.1, *The Roots of Geographical Change: 1973 to the Present* (1989):3-17. See especially 5.

<sup>7</sup> Harvey, "Entrepreneurialism," 4.



the scaled-back welfare state and concomitant deindustrialization of the 1970s after decades of relative prosperity. For cities like Baltimore, Detroit, Philadelphia, Cleveland, and even New York and Chicago, economic reinvention was only necessary after the collapse of the Keynesian system, and even then changes often took a painfully long time to implement amidst white flight, tax base erosion, and other infrastructural and social problems.<sup>8</sup>

For some other, younger cities, however, a strong case can be made that entrepreneurialism and aggressive urban marketing based on perceived local advantages significantly predate deindustrialization and operated within the context of the Keynesian welfare state. While large scale capital mobility is generally assumed to arise with flexible accumulation and the communications revolutions of the 1970s and 1980s, there can be little doubt that private firms were open to relocation or branch opening long before the 1970s; that companies did slowly begin moving capital to the South and West in the postwar era is demonstrated by the “Sunbelt shift,” visible as early as the 1940s. Economic historian Gavin Wright, for example, views World War Two as the appropriate starting date for the Southern economic takeoff that characterizes the Sunbelt shift. What is more important, however, is the federal government’s role in capital and other investment that, because of a variety of factors, favored less economically mature and less urbanized regions such as Texas where flows of capital migrated to regions and cities

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<sup>8</sup> See Thomas Sugrue, *Origins of the Urban Crisis: Race and inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996) as the standard bearer for economic decline in the Rustbelt after World War Two through the 1970s.

with higher rates of return. But investment in the South was also facilitated by wide-ranging changes in the Southern economy which manifested themselves as urban and regional marketing with the goal of bringing in new industry. In Austin, this kind of entrepreneurialism actively sought economic growth through a variety of models focused on distinct local advantages: low utility rates and cost of living, friendly business climate, unique place-based characteristics (such as the Highland Lakes), a highly skilled labor market, and especially the University of Texas, which became the central feature in Austin's nascent attempts to attract knowledge capital in the 1950s and 1960s.

Central Texas's broad success securing federal investment over the previous decade, largely because of strong ties to the New Deal regime in Washington that greatly increased Austin's monopoly rent abilities, and a keen awareness that the end of World War Two would open up interurban and interregional competition for new markets led to strong entrepreneurial efforts on the part of the city, businessmen, and academics. Efforts were increasingly coordinated among all these groups in Austin and increasingly focused on bringing "industry without smokestacks" to the region, which by the mid-1950s meant research and development contracts and gradually light electronics production, much of which was supported by the federal government's burgeoning defense industry. Less intensive forms of production fit in well with Austin's existing image as the "friendly city" with little heavy industry, a relative abundance of cultural and social amenities, and, unfortunately, institutional racial segregation. The largest private technology firm for decades in Austin, Texas Research Associates (TRACOR), for example, was strongly

linked to the University of Texas Engineering Departments, the Defense Research Laboratory, and the BRC. The business people who ran TRACOR in the 1950s and early 1960s were often simultaneously professors who had access to university resources and understood the growing importance of skilled knowledge workers as a highly valuable form of capital. Engineering Professor J. Neils Thompson, who ran the BRC for 25 years, was also Vice President of Industrial Relations for the Austin Chamber of Commerce for a number of years, and envisioned the BRC as both an economic resource and a scientific-business training ground that in some respects worked independently of the University of Texas to facilitate entrepreneurial activity. Thompson clearly understood that academic knowledge could be monetized, and he worked tirelessly to that end as more of an R&D facilitator than as a professor. For Austin, then, the “knowledge economy” was an established idea by the 1960s and both the city and the university were well-versed in marketing the region as a center of technology that could command local, state, and federal resources and funnel them toward private business growth. Austin’s leading labor processes were defined by cognitive work and demonstrated an organization linked to science-based research and development far more than repetitive, industrial modes of production dominant in more established urban areas at the time.

The amalgam of interests that sought to link business and the academy and that sought fixed and investment capital for Austin can be described as a “growth machine,” a term coined by Harvey Molotch in 1976 and refined since then, which refers to the various urban growth promoters in a city. In the 1950s and 1960s these groups focused on

refining and marketing a discourse that imagined Austin as progressive, educated, relaxing, and creative while downplaying socioeconomic inequality. In this respect I find it more accurate to employ the term “localized regime of accumulation” to describe Austin’s postwar promoters. “Regime of accumulation” goes beyond the simple promotion of place characteristics in urban marketing by asserting that urban accumulation must be accompanied by specific forms of social regulation. In the case of postwar Austin, the institutional physical and social containment of the poor and racial minorities to specific locations and specific types of labor characterizes the brutal regulations that underpinned urban growth. Containment also highlights the important role of uneven geographical development and the spatial dialectic that were central to Austin’s growth. Nevertheless, promoters aggressively marketed the city’s unique resources in national and regional publications and through personal contacts, and envisioned a niche market for Austin that eschewed large corporations and instead focused on smaller science and technology companies that fit with the city’s existing social infrastructure.<sup>9</sup>

This chapter argues that Austin’s strong knowledge economy and ability to attract information and technology-based capital, along with fostering myriad local startups, are rooted in the city’s entrepreneurial activity in the 1950s and 1960s and the willingness of

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<sup>9</sup> Harvey Molotch, “The City as Growth Machine: Towards a Political Economy of Place,” *The American Journal of Sociology*, 82.2 (Sept. 1976): 309-332; John Rennie Short, “Urban Imagineers: Boosterism and the Representation of Cities,” in *The Urban Growth Machine: Critical Perspectives Two Decades Later* (Albany: State University of New York Press, 1999): 37-54; Mickey Lauria, “Reconstructing Urban Regime Theory: Regulation Theory and Institutional Arrangements,” in *The Urban Growth Machine: Critical Perspectives Two Decades Later* (Albany: State University of New York Press, 1999):125-140.

the city, business community, and university to work together from World War Two forward. Austin's urban entrepreneurs recognized the area's high potential for information technology agglomeration and invested much economic as well as social capital in infrastructure and promotion. They also recognized, largely through federal investment, the increasing mobility of a variety of capital and the growing links between science-based knowledge, the federal government, and private business. Retaining and attracting skilled labor, which was plentiful in Austin because of the university but was also extremely mobile, became an important task beginning shortly after World War Two. Early place marketing created an image of Austin designed to attract specific forms of commercial investment and a knowledge-based labor segment earlier than happened in most other cities. In Austin, deindustrialization and postmodernity did not constitute a dramatic break from the previous period in terms of growth models as has been suggested for more industrial cities. The University of Texas was thus one of the primary loci of what President Eisenhower initially called the Military-Industrial-Academic Complex before dropping "academic" from his famous speech; what defines the city's early technology-based economy was the active cooperation between the university and city leaders. Local business and political connections, including an acceptance of federal assistance generally uncommon to the South during the 1930s, also allowed the city to offer the benefits of a relatively free enterprise state and municipal political economy, while simultaneously garnering high levels of federal investment.<sup>10</sup>

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<sup>10</sup> Henry Giroux, *The University in Chains: Confronting the Military-Industrial-Academic Complex*

It is also important to note that, contrary to the work of many urban scholars, entrepreneurial activity was commonplace among municipalities long before the 1970s. This activity did not just amount to civic boosterism; it was rather very similar to the rhetoric of urban competition commonplace in academic literature today, where municipalities compete based on unique place characteristics as well as on economic and political advantage. It also understood capitalism as a dynamic and fluid system, geographically as well as structurally, that could incorporate different modes of production as forms of exchange value. This included aspects of Austin's culture, which focused on recreation and leisure during the 1950s. Austin's entrepreneurialism, however, also sustained uneven racial and class development in the city by focusing Austin's resources on attracting capital rather than on improving conditions for minorities and the poor. In general, the municipal managerialism that Harvey refers to as dominant during the postwar period was relatively weak in the American South; Southern cities never invested in infrastructure to the extent that Northern cities did, and in many of those cities institutional racial segregation made uneven investment appear easy and natural. In Austin's case the Eastside, home to an overwhelming majority of Austin's minority residents and few whites, was imagined as the city's lone industrial district, a place to segregate whatever dirty industrial surplus the city might expend. Attracting

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(Boulder: Paradigm Publishers, 2007); Stuart W. Leslie, *The Cold War and American Science: The Military-Industrial-Academic Complex at MIT and Stanford* (New York: Columbia University Press, 1993); for levels of federal subsidies to Southern states during the 1930s, see Gavin Wright, *Old South, New South: Revolutions in the Southern Economy Since the Civil War* (New York: Basic Books, 1986), 259-262. For example, Texas's per capita federal expenditures from 1933 to 1939 were just ninety-two percent of the national average.

knowledge-based industries at the expense of social service programs and infrastructural improvements thus obviously perpetuated uneven development that laid the ground work for future economic and social bifurcation along racial lines in Austin, while ignoring the needs of the poor.<sup>11</sup>

### **Public and Private Plans for the Postwar Era**

Just before and during World War Two, Austin, like some other Southern cities, experienced an influx of federal capital based on wartime production needs and the federally-sponsored program of decentralizing war-related industries. This shift in the geography of production had an immediate impact on many cities, and a literature of urban possibilities and competitiveness quickly appeared that Austin business leaders read. For the chamber of commerce and the city council, this influx of capital engendered wholesale programs of urban marketing designed to attract diverse sources of investment after the war ended and emboldened businessmen who could potentially profit from faster growth. Although certain elements of the city had promoted growth in the past, the community usually chose moderate, state-driven growth (because of the university and the state government) and actively eschewed industrial growth because of its potentially

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<sup>11</sup> Bruce Shulman, *From Cotton Belt to Sunbelt: Federal Policy, Economic Development, and the Transformation of the South, 1938-1980* (New York: Oxford University Press, 1991).

deleterious effects on Austin's quality of life. This view changed by war's end as it became increasingly clear that agricultural employment, whose labor force dropped by an astounding three million people throughout the South during the war years alone, would continue to decline rapidly and that the region needed to remake its economy and its image. Although early efforts to attract postwar business lacked the precision and coordination that would define Austin's growth model by the mid-1950s, they did understand that the key to selling the city to business was to differentiate it from other cities, especially within Texas and the Southwest.<sup>12</sup>

While the newly created Highland lakes and dams were the most obvious and unmitigated symbol of the positive federal presence in Central Texas, by 1944 the region had garnered two other economic engines from Washington. In many Southern towns, federal military installations and production facilities were simply too lucrative to pass up because they were almost always an immediate economic stimulant, despite widespread apprehension regarding federal presence in the region. The first was the Bergstrom Air

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<sup>12</sup> For pending postwar urban competition see, Chamber of Commerce of the United States, "Deficit Spending and Private Enterprise," (1944), pamphlet/Folder, "Planning, 1944"/Box 21/Walter E. Long Papers/Austin History Center, Texas; "Walter E. Long to Mr. Herman S. Hettinger, Nov. 16, 1944,"/Box 21/Walter E. Long Papers/Austin History Center, Texas; Herbert H. Swan, "Selling a City to Industry," (N.D., mostly likely 1945)/Folder, "Chamber of Commerce Industrial Bureau, Correspondence, 1945 (4 of 4)"/Box 38/Walter E. Long Papers/Austin History Center, Texas; for not wanting heavy industry in Austin, see, N.A., "Suggestions for Industrial Bureau Meeting," (August 25, 1944). The writer claims that 'industries in Austin do not mean dust and smoke.'/Folder, "Chamber of Commerce Industrial Bureau, Correspondence, 1944-45 (3 of 4)"/Box 38/Walter E. Long Papers/Austin History Center, Texas; "Notes re: Industrial Conference 7-10-44," while some member of the Industrial Conference did not want to encourage industrial growth in Austin, by July of 1944 all members voted for it./Folder, "Industrial Development, 1944"/Box 35/Walter E. Long Papers/Austin History Center, Texas; For loss of agriculture economy see, "Austin – Tomorrow," Paper presented at the Austin Chamber of Commerce Annual Meeting, 1947/Folder, "Austin – Tomorrow"/Box 12/Walter E. Long Papers/Austin History Center, Texas.



Force Base, which was commissioned in 1942. Lyndon Johnson, working with Austin Mayor Tom Miller, secured \$600,000 necessary to acquire land for the base just southeast of Austin through a bond issue which voters quickly passed. The city bought the land and then leased it to the federal government. The base brought in hundreds of servicemen who spent money in Austin.<sup>13</sup>

More important, however, was the Austin Magnesium Plant (Plancor #265), which Lyndon Johnson almost single-handedly secured for Austin in late 1941. Rich magnesium deposits throughout the Hill Country made Austin a suitable location for new magnesium production, and despite some detractors the City of Austin and Mayor Miller quickly decided that they would endorse a plant on the outskirts of the city. Johnson used some contacts at the War Production Board (WPB) to secure the deal, offering the plant cheap water and electric power furnished by the LCRA. Johnson thus managed to get the federal government to buy power furnished by the LCRA, which helped the LCRA to pay back the loan it had taken from the federal government to build the hydroelectric generators in the first place. Johnson repeatedly claimed that low cost power was the sole reason why the WPB agreed to locate the facility in Austin, which did have more surplus power potential than any other city in the Southwestern United States. Aside from the political maneuvering, Plancor #265 was an immediate benefit to the city; at its peak it employed nearly 1,000 workers and consistently housed hundreds of good paying jobs

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<sup>13</sup> L. Patrick Hughes, "To Meet Fire with Fire: Lyndon Johnson, Tom Miller, and Home-Front Politics," *The Southwestern Historical Quarterly* 100.4 (April, 1997): 452-476; Wright, *Old South, New South*, 257-262.

while boosting wartime morale in Austin and not spoiling the city's pristine, non-industrial landscape because it was located almost nine miles outside of town. The plant cost \$10.7 million to build and was owned by the Defense Plant Corporation who would lease the land from the city and pay the LCRA for power and water. Many of Austin's leaders also saw the plant as an anchor for potential postwar economic development because they understood that after the war ended the plant would most likely be sold at under cost.<sup>14</sup>

Johnson's ability to attract wartime federal capital sustained Austin's growth through the war years. The plant and air force base gave the city at least one probable source of revenue after the war and made it obvious that the city had the potential to bring in capital from outside the region and state. But the chamber of commerce and city council recognized that Austin would need to formulate a strategy at the municipal level if economic growth was to increase. To this end they turned to a growing literature focusing on interurban competition and sought to identify what characteristics the city

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<sup>14</sup> "Austin Chamber of Commerce to Lyndon B. Johnson," November 11, 1941/Folder, "1941 Defense Austin Magnesium Plant"/Box 213/Papers of Lyndon B. Johnson, House of Representative, 1937-1949/Lyndon Baines Johnson Library (LBJL), Austin, Texas; "Ray E. Lee to Lyndon B. Johnson," September 30, 1941/ Folder, "1941 Defense Austin Magnesium Plant"/Box 213/Papers of Lyndon B. Johnson, House of Representative, 1937-1949/LBJL, Austin, Texas; "Porter A. Whaley to Lyndon Johnson," October 9, 1941/ Folder, "1941 Defense Austin Magnesium Plant"/Box 213/Papers of Lyndon B. Johnson, House of Representative, 1937-1949/LBJL, Austin, Texas; "Lyndon Johnson to Mr. Taylor Glass," October 13, 1941/ Folder, "1941 Defense Austin Magnesium Plant"/Box 213/Papers of Lyndon B. Johnson, House of Representative, 1937-1949/LBJL, Austin, Texas; "Sept. 27, 1941"/ Folder, "1941 Defense Austin Magnesium Plant"/Box 213/Papers of Lyndon B. Johnson, House of Representative, 1937-1949/LBJL, Austin, Texas; "Walter A. Dickerson to Lyndon Johnson," October 11, 1941/ Folder, "1941 Defense Austin Magnesium Plant"/Box 213/Papers of Lyndon B. Johnson, House of Representative, 1937-1949/LBJL, Austin, Texas.

should advertise. They also understood that using regional and university resources could be beneficial to the city and they imagined growth from a regional, as well as municipal, perspective. Long time chamber of commerce member Walter E. Long repeatedly stressed that bringing industry to Central Texas would be as beneficial to Austin as bringing industry into the city would, if not more so.<sup>15</sup>

In 1943 G.S. Moore, Austin's City Planning Engineer, created the first report on postwar urban planning for the city council entitled "Planned or Unplanned Growth." Moore surmised that industrial growth was very feasible in Austin because of its small size, relatively small amount of industry, and the absence of legal restrictions in the undeveloped land surrounding the city, which indicated that the city could easily zone any outlying area for industry if it chose to do so. Moore, however, was equally concerned about keeping industry out of central areas of the city, encouraging the council to develop the downtown and riverfront for recreational and consumer purposes. Austin's primary attractive features, its livability and pristine environment, would not benefit from centrally located industrial production facilities. He advocated removing the railroad from Austin's Westside, essentially discouraging any kind of industry near downtown.<sup>16</sup>

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<sup>15</sup> See, for example, "Walter E. Long to Mr. Frank M. Sowle," August 13, 1945/Folder, "Industrial Inquires, 1944-45"/Box 36/Walter E. Long Papers/Austin History Center, Texas; "Walter E. Long to Mr. Walter E. Dickerson," June 20, 1945/Folder, "Industrial Development and Promoting"/Box 38/Walter E. Long Papers/Austin History Center, Texas.

<sup>16</sup> G.S. Moore, "Planned or Unplanned Growth," (pamphlet, 1943).

By 1944 the chamber of commerce understood that the war's end would likely engender a major rupture in many urban economies as it would likely mean a significant drop in federal investment, a sharp increase in labor supply, and a housing problem. The WPB had invested \$7.4 billion worth of contracts into Texas between June of 1940 and November of 1944, a staggering capital investment at the time that was sure to be drastically cut after the war. Unsure of what a postwar economy would bring and still cognizant of the traumatic social and economic upheaval of the depression, many smaller cities sought to stave off disaster by tapping the expertise of professional urban promoters. In general what they found was a literature that promoted an aggressive, competitive ethos on the part of chambers of commerce and other city leaders to draw in business. According to this literature, cities must convince private companies that their profit potential could be maximized by relocating to that city. Communities could create advantages through marketing and constructing particular discourses of advantage. Most importantly, cities needed to focus on their particular, unique qualities and invest in selling those qualities in the most efficient way.<sup>17</sup>

In 1944 the chamber of commerce created a comprehensive promotional advertisement based largely on the recommendations they read in literature titled "Inventory." It listed every possible advantage that Austin could claim for attracting business, but was somewhat too broad in scope despite the plaudits it received from other

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<sup>17</sup> N.A., "Recent Industrial Advance in Texas," *Texas Business Review*, 18.12 (January 1945); Swan, "Selling a City to Industry"; "James F. Grady to Mr. W.F. Long," March 26, 1946/Folder, "Planning, 1944"/Box 21/Walter E. Long Papers/Austin History Center, Texas; "Deficit Spending and Private Enterprise;" Wright, *Old South, New South*, 241.

cities. “Inventory” was not particularly discerning in what types of businesses it wanted for Austin, and it focused on recreation and “circulating capital,” bringing in outside sources of income like retirees, vacationers, and professional meetings. The list ran in the *Austin American* and solicited advice from citizens regarding Austin’s potential for attracting business, and also acknowledged working with professors at the University of Texas to bring together different members of the community who might be able to better define Austin’s distinctiveness. A.B. Cox and F.A. Buechel, who ran the university’s Bureau of Business Research (BBR), helped Walter E. Long organize a conference in 1944 which focused on the industrial possibilities for Austin and Central Texas after the war ended. Cox and Buechel argued that Texas’s economic future would be increasingly tied to industrial production, but little direction was given to what that meant. Still, one important aspect of the conference was the nascent relationships formed between business and the academy, whose joint efforts sought to analyze the new Texas economy for the first time.<sup>18</sup>

At the University of Texas plans were well underway to maximize profit from the emerging knowledge economy and to monetize that research before the war began. One of the first university efforts to profit directly from academic knowledge was the Texas

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<sup>18</sup> Austin Chamber of Commerce, “Inventory”/Folder, “1944 Post War City Planning ‘Inventory’ File #1”/Box 21/Walter E. Long Papers/Austin History Center, Texas; “A.B. Cox to Walter E. Long,” September 18, 1944/Folder, “Bureau of Business Research UT, 1944-45”/Box 15/Walter E. Long Papers/Austin History Center, Texas; “F.A. Buechel to Walter E. Long,” n.d./ Folder, “Bureau of Business Research UT, 1944-45”/Box 15/Walter E. Long Papers/Austin History Center, Texas; F.A. Buechel, “Postwar Planning in the Southwest Region,” (1943, unpublished paper)/Folder, “Planning, 1944”/Box 21/Walter E. Long Papers/Austin History Center, Texas.

Research Corporation (TRC), a private corporation founded by the board of regents in 1940. Its sole purpose was to acquire, own, and use patents created by researchers while employed by the university and to contract with private businesses and government agencies that wanted to use university patents. Shortly after the TRC was established, the regents applied for patents on air conditioning improvements and flash freezing techniques that were developed by various engineering departments. Scott Gaines, a University of Texas lawyer, argued that although the university could not sell patents, it could profit from contracts with private businesses to put the patents to use and to do research. In effect, the TRC was one of the first university-sponsored corporations to understand knowledge as a raw material, and to actively attempt to commodify scientific knowledge through legal means. The TRC also created the legal status necessary to protect university research copyrights, which had the added benefit of encouraging scientific research by faculty members, who now had a new profit potential as added motivation. The ultimate goal, though, was the protection of university-generated patents from outside infringement, demonstrating that the university aimed to profit from its own research.<sup>19</sup>

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<sup>19</sup> “Scott Gaines to Hon. John H. Bickett, Jr.” May 18, 1943/Folder, “Texas Research Corporation, 1943-44”/Box VF8-B.b/University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas; “W.A. Cunningham to Dr. J.A. Burdine,” November 10, 1943/ Folder, “Texas Research Corporation, 1943-44”/Box VF8-B.b/University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas; “W.R. Woolrich to President Homer Rainey,” September 27, 1941/ Folder, “Texas Research Corporation, 1943-44”/Box VF8-B.b/University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas; “Texas Research Corporation Minutes,” February 28, 1942/ Folder, “Texas Research Corporation, 1943-44”/Box VF8-B.b/University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas; C.E. MacQuigg and W.R. Woolrich, “Memorandum on Engineering

Along with its function as research center, the university aggressively sought to coordinate efforts to attract businesses and understand business conditions in Texas beginning in the late 1930s. The BBR was an integral part of this effort. Founded in 1926, the BBR was one of four university bureaus whose focus was applied research that would benefit the state and the university, as well as educating students. Over its first decade the BBR focused on basic business data collection such as noting employment statistics, car registrations, and power consumption in Texas cities. As the depression worsened, however, the role of the BBR expanded to include more critical and analytical methods that would not just understand business in Texas, but improve it. It was also a selling point for the university more broadly and was intended to bring prestige and entice graduate students who were interested in business. The BBR's research-driven agenda was somewhat unique in the 1930s, as there was no other similar kind of organization – either professional or academic – in Texas as late as 1939.<sup>20</sup>

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Experiment Stations Available for Government Research,” June 5, 1942/ Folder, “Texas Research Corporation, 1943-44”/Box VF8-B.b/University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas.

<sup>20</sup> “A.B. Cox to President Calhoun,” April 5, 1938/Folder, “Industrial and Commercial Research Council, 1937-38”/Box VF8-B.b/ University of Texas Presidents Office Records, 1907-1968/Briscoe Center for America History, Austin, Texas; “A.B Cox to Dr. H.Y. Benedict, President,” January 10, 1933/Folder, “Bureau of Business Research, 1932-33”/ Box VF7-A.b/ University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas; “A.B. Cox to President Calhoun,” April 5, 1938/ Folder, “Industrial Research Council, 1937-38/ Box VF8-B.b/University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas; “Waldo B. Little to Dr. F.A. Buechel,” May 25, 1939/Folder, “Industrial and Commercial Research Council, 1937-38”/Box VF8-B.b/ University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas.

In May of 1938 the Texas Industrial and Commercial Research Council of the University of Texas was formed, an umbrella organization run largely by the BBR that coordinated all research services at the university and put businesses in contact with the various bureaus. For the next few years the council generated booklets of statistics on virtually all aspects of Texas business. More importantly, however, researchers set forth a platform for future business in Texas. Their findings and suggestions were publicized at annual meetings held on the University of Texas campus. These meetings became the ideological cornerstone for growth in Texas and for Austin, and defined an entrepreneurial agenda for the university. The council also became a selling point for the city because of its low-cost services for potential business in the Austin area. At the first council meeting in October of 1938, A.B Cox and F.A. Buechel, directors of the BBR, and Chemistry Professor E.P. Schoch outlined a strategy that would influence business activity in Texas for years to come during a conference of businessmen from around the state. According to Buechel, because of a precipitous drop in the number of people employed in agriculture, Texas would have to turn to industry for future employment. That industry, however, would need to be radically different from development in older industrial areas of the country. Texas had different natural resources, and a lack of research facilities compared to other areas, and was not equipped to attract much heavy industry. By 1940, Texas Governor W. Lee O'Daniel was speaking at the conference, encouraging the state and its citizens to aggressively court industry and expand into some



types of manufacturing. Expansion must be directed, O'Daniel claimed, by the council, which had access to academic resources that no other group did.<sup>21</sup>

Aside from identifying the major obstacles and possibilities that Texas faced on the eve of World War Two, the Industrial and Commercial Council established the University of Texas as the unquestioned center of research and information regarding business and science knowledge in Texas. The university's unique ability to centralize and coordinate academic knowledge also brought in some defense contracts during the war through two groups called the Defense Research Laboratory (DRL) and the Military Physics Research Laboratory (MPRL), which undertook research and development while fulfilling contracts for the Bureau of Ordnance of the Navy Department, working on machine gun technology. These groups expanded drastically after the war ended and military research and development became the primary driver of postwar economic growth, particularly in the Sunbelt. The university, though, would need a dramatic expansion of its scientific facilities and an even greater coordination of research-based

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<sup>21</sup> Lorena Drummond, "University of Texas Press Release," May 21, 1938/Folder, "Industrial and Commercial Research Council, 1937-38"/Box VF8-B.b/ University of Texas Presidents Office Records, 1907-1968/Dolph Briscoe Center for America History, Austin, Texas; Stuart McGregor, "New Industries are Called Big Need of Texans," *Dallas Morning News*, October 19, 1938; "Industrial Conference Conducted by Governor W. Lee O'Daniel," May 30, 1940 (Speech)/Folder, "Texas Industrial Program, 1939-42/Box VF-B.b/ University of Texas Presidents Office Records, 1907-1968/Briscoe Center for America History, Austin, Texas; Austin Area Economic Development Foundation, "Outline of a Plan for the Further Economic Development of Austin," (Pamphlet, 1948).

resources. In the coming years it found both, and began working with the city to redefine the region as a technopole prototype.<sup>22</sup>

### **Defining the Region: The Balcones Research Center, “Industry Without Smokestacks,” and the Origins of Human Capital**

One of the many great changes wrought by World War Two was the new and growing emphasis on scientific knowledge and the coordination of that knowledge applied to research and development of military technology. For the first time, scientific knowledge was viewed as a commodity, and people who commanded that knowledge were increasingly attractive as forms of human capital. A pamphlet produced by consulting engineers that chamber of commerce member Walter E. Long received in 1946 entitled “Planning of Research and Development Work” is indicative of the growing importance placed on knowledge. The pamphlet asserts that the need for efficiency during the war effort brought together planning and research for the first time; but the greatest change that the war created in terms of business was that “the key productive unit in Research is the scientist.” Their social capital also increased markedly, as technical jobs in the private sector, academia, and directly with the federal government flourished and cities sought to create incentives to attract skilled workers, rather than the other way around. In the immediate postwar period the dearth of American scientists and engineers was viewed by

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<sup>22</sup> Austin Chamber of Commerce, “Austin Invites You to Share Texas’ Scientific, Educational, and Recreation Center,” (Pamphlet, 1960); “Carl L. Covington to Dr. H.P. Rainey, President,” November 12, 1942/Folder, “War Research Laboratory, 1942-44”/Box VF 8-B.b/University of Texas President’s Office Records, 1907-1968/Dolph Briscoe Center for American History, Austin, Texas.

many as the most critical issue in terms of human capital, and universities across the country, as well as the federal government, rapidly began prioritizing research-based science and engineering. As urban planner Richardson Wood wrote in 1948, in Austin a business's suitability is determined by "the character of their personnel rather than the material field of interest. . . . [B]usinesses that have a large professional and skilled element [are preferable] to businesses that have a large unskilled or semi-skilled element." While many Southern cities were beginning to enter the industrial and manufacturing market after World War Two, Austin's focus was increasingly on personnel. In the emerging atomic culture of the postwar period, the knowledge economy, economic and industrial decentralization, and place production were becoming increasingly intertwined. Cities with an abundance of well-coordinated technological and human resources were thus primed to prosper – particularly cities that were not considered major targets for attack.<sup>23</sup>

Before the war ended, both the chamber of commerce and a group of university professors recognized that future growth could be driven by the magnesium plant. For the university, the already-existing infrastructure was suitable to at least begin expansion of research facilities that the engineering departments, bureaus, and board of regents desired. The plant would likely still have a good deal of technical equipment that could be immediately turned into laboratories, and the complex would certainly provide much

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<sup>23</sup> First quote is from Dwight L. Williams, "Planning of Research and Development Work," (pamphlet, N.D.)/Folder, "Planning, 1944"/Box 21/Walter E. Long Papers/Austin History Center, Texas; second quote is from Austin Area Economic Development Foundation, "Austin and Industry," 4.1 (April, 1950).

needed space away from the cramped, centrally-located main campus. While most Austin business interests had hoped that magnesium production would continue at the plant, by 1944 it became obvious that the government would not need any more magnesium after the war ended. The plant, developed and funded almost exclusively by the federal government, was to be divested at the end of the war by the Reconstruction Finance Corporation (RFC) in accordance with the Surplus Property Act of 1944, which allowed the Chairman of the War Assets Corporation to sell assets at a discount. Production was ceased in late 1944 and the plant remained mostly abandoned and unused, far from Austin's center, until after the war ended in August 1945.<sup>24</sup>

It took a somewhat odd request by Austin Mayor Tom Miller to pique the interest of University of Texas professors in November 1945. Austin's acute housing shortage was intensified by the return of veterans in the months after the war ended, and Miller thought that the barracks used to house temporary workers at the plant might be able to provide temporary housing. He sent out two civil engineering professors, C. Read Granberry and J. Neils Thompson, along with University of Texas President T.S. Painter and a representative of the RFC, to see if the site was suitable for housing. Instead, the group found a potential research center. Granberry, a longtime growth advocate for Austin, wrote to Lyndon Johnson that "the section of the plant requested would be a fine nucleus for a top flight research center for years to come." As Granberry had just reached

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<sup>24</sup> "Theophilus S. Painter to C.L. Andrews," January 28, 1946/ Folder, "War Projects – Austin Magnesium Plant #2, Corr., January, 1946"/Box 220/ Papers of Lyndon Baines Johnson, House of Representatives, 1937-1949/Lyndon Baines Johnson Presidential Library, Austin, Texas.

a blanket agreement with another government agency for a substantial increase in University of Texas research contracts, the timing for his find could not have been better.<sup>25</sup>

Johnson, who had already inquired about the possibility of renting the plant after the war, immediately saw the benefit of the plant as an asset to the city no matter what its future use would be. Before he heard from Granberry, Johnson wrote the Surplus Property Administration asking that the plant be disposed of for commercial purposes. The plant had already been visited by representatives from companies like DuPont and Ford, and an RFC engineer who had surveyed the plant envisioned an industrial complex housing multiple different companies with multiple uses. The LCRA, who was selling power to the plant at a healthy profit, also wanted the plant to be operable as soon as possible.<sup>26</sup>

The possibility of creating a long term, public research center for Austin and Texas, however, proved too much for Johnson to pass up, and he immediately began working on securing the plant. Tom Miller agreed to support Johnson as long as the plant

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<sup>25</sup> “C.R. Granberry to Lyndon Johnson,” November 8, 1945/Folder, “FHA – University of Texas”/Box 274/Papers of Lyndon Baines Johnson, House of Representatives, 1937-1949/LBJL, Austin, Texas; “Guiton Morgan to Marshall W. Amos,” March 29, 1946/Folder, “War Projects – Austin Magnesium Plant #2, Corr., January, 1946”/Box 220/ Papers of Lyndon Baines Johnson, House of Representatives, 1937-1949/LBJL, Austin, Texas.

<sup>26</sup> “A.O. Greist to Sam H. Husbands,” October 22, 1945/Folder, “War Projects – Austin Magnesium Plant”/Box 220/ Papers of Lyndon Baines Johnson, House of Representatives, 1937-1949/LBJL, Austin, Texas; “Lyndon Johnson to Lucius C. Andrews,” August 22, 1945/ Folder, “War Projects – Austin Magnesium Plant”/ Box 220/ Papers of Lyndon Baines Johnson, House of Representatives, 1937-1949/LBJL, Austin, Texas.

could be used for temporary housing until the city was able to house all returning veterans. Johnson and Thompson began negotiations and acquired the plant in 1946. The Off Campus Research Center quickly became the center of military-sponsored research and development at the University of Texas, and over the next two decades it served as the template and training ground for Austin's nascent project-driven information technology economy. This will be discussed in more detail in the next section.

For the city, the immediate postwar years proved absolutely pivotal in defining the course of entrepreneurialism and realizing the university as a major asset to be worked with rather than competed against. For years, the city council had marketed Austin and Central Texas as a social and cultural center largely because of the university; almost immediately after the war, however, they began viewing the university as an economic engine as well. Right after the war ended, the chamber of commerce published a guide to Austin simply called "The Austin, Texas Area" that branded the city with a slogan directed towards livability: "to make living good while making a good living," stressing the lack of traditional industry in the city. Lifestyle amenities were supplemented with rhetoric defining the "good business climate" that Austin and Texas had to offer, suggesting that the labor supply in Austin was largely American and "not easily regimented to perverse causes." A right to work mentality and deep mistrust of the New Deal and labor unions were long tenets of Austin's business community, and in part explain the city's reluctance to bring in traditional forms of industry. The brochure, which was mailed to prospective transplant businesses, also featured a section on the

Industrial and Commercial Council at the university, which would be a valuable asset to any business, particularly those that were interested in industrial research.<sup>27</sup>

The definitive entrepreneurial statement, however, came in 1947 when the city hired a New York urban planner named Richardson Wood to create an economic policy for Austin moving forward. Wood assessed Austin's current economic landscape, interviewed dozens of Austin businessmen, and worked with the BBR over 1947 and early 1948 to define a plan for desirable urban growth. The publication of his assessment, entitled, "Outline of a Plan for the Future Economic Development of Austin, Texas," coincided with the chamber of commerce's creation of the Austin Area Economic Development Foundation (AAEDF), which quickly became the primary driver of economic growth for Central Texas. Although Wood's major points were already largely understood by many Austin growth advocates, the report was a professional opinion that reinforced existing notions about Austin's economic trajectory. It was a concrete statement that gave definitive direction to the city.<sup>28</sup>

Wood summed up the macroeconomic, regional forecast that many academics and businesspeople saw was underway: the Sunbelt shift. New Deal federal investment in the South and West during the 1930s enhanced infrastructure dramatically all through the

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<sup>27</sup> Austin Chamber of Commerce, "The Austin, Texas Area," (pamphlet, 1948); For mistrust of the New Deal and unions, see "Conference of American Small Business Organizations," which Walter E. Long was part of./Folder, "Small Business Conference, 1947"/Box 65/Walter Long Papers/Austin History Center, Texas.

<sup>28</sup> Richardson Wood, "Outline of a Plan for the Future Economic Development of Austin, Texas," (N.P., report, 1948).

South. During the war, the federal policy of decentralization and the remoteness of the area brought billions of dollars to the region in the form of research contracts and military installations. At war's end, the South had the advantages of relatively new infrastructure, an influx of investment capital from increased wartime production in the region, existing relationships with many sources of federal income, and, most importantly, a long-standing aversion to labor unions. In a postwar climate of labor hostility before the Taft-Hartley Bill was passed in June 1947, Texas was seen as a safe place for business. After Taft-Hartley, Texas was certainly attractive to businesses because labor unions were extremely unlikely to gain any traction. The state also offered some of the lowest business and personal income taxes in the U.S., as well as wages and cost of living far below national averages. Finally, Southern banks were as rich in capital as they had ever been, and were more able to fund large-scale Southern projects and new business enterprises. The South was becoming economically independent of Northern financiers at a faster rate than ever before, and local investment made sense economically.<sup>29</sup>

Wood felt that, as a part of the Sunbelt but still a relatively small city that lacked manufacturing and large scale commercial activity, Austin should take advantage of its existing attributes rather than make a radical shift. This policy amounted to focusing on the city as a niche market that would not regularly compete with larger Texas cities such

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<sup>29</sup> Wood, "Outline," 2; Dr. Rupert Vance, "All These People," (N.P., N.D.). Vance, a Human Geographer at the University of North Carolina Chapel Hill, wrote a series of articles on Southern development that the Chamber of Commerce reprinted for a meeting in October of 1947. "Preliminary Outline of a Series of Articles on Industrial and Economic Conditions in the South," October 18, 1947/Folder, "Industrial, 1947"/Box 35/Walter E. Long Papers/Austin History Center, Texas.



as Dallas or Houston for business. In 1950, Travis County had the lowest percentage of manufacturing employment of any county with over 100,000 residents in the United States. Only six manufacturing outfits had more than 250 employees, and none had more than 500, despite Austin's first major industrial relocation in 1947, Jefferson Chemical. Wood encouraged the city council to advertise Austin as a pleasant city with a wealth of natural resources, especially the Highland Lakes and their environs, which differentiated Central Texas from the more arid metropolitan regions of the Southwest. The state government and university provided a large percentage of professional workers and professional services that could be used to attract more skilled professionals in the private sector. Wood thought promotional literature should also market Austin's cultural institutions and natural landscape, which would appeal to the types of workers that fit into the city's profile. Above all, Austin needed a unified economic policy that marketed economic opportunities to businesses and directed growth from within.<sup>30</sup>

Wood wisely foresaw the university as the primary locus of economic potential, both because of its ability to facilitate business and as a producer of the increasingly sought after commodity, human capital. The major problem, however, was convincing potential businesses that Austin's cultural and educational assets could be industrial attributes; this meant selling the university as a center of knowledge production, and convincing business that knowledge workers would like living in Austin more than other places. Business and engineering departments would engender small shops and design

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<sup>30</sup> Austin Planning Commission, "The Austin Master Plan," (Report, 1958), 11.

laboratories that could then generate other small manufacturing operations. One of the keys to successful growth was to create technical industries that would absorb surplus labor and allow University of Texas graduates to have careers and live in Austin rather than leave because there were no jobs for them. This policy aimed to create the infrastructure that would allow Austin to take advantage of its primary resource: a skilled labor pool that would reproduce itself every year with almost no local capital investment. Not all businesses would be suited to Austin, but determining which ones were was paramount. Wood surmised that “Austin should aggressively go after all businesses that seem better suited to what Austin has to offer than they are to any other city in the region.” In an era of increasing interurban competition, Wood advocated for cooperation between the city, the region, and the university in an attempt to develop Austin’s already strong reputation as “the Friendly City,” its longtime moniker. Wood’s plan indeed laid the foundation for the urban marketing that Austin began only months after his report was unveiled at the first AAEDF meeting in April 1948. But in keeping Austin “Friendly,” Wood also implicitly argued that Austin’s destiny was as a white collar, professional city that did not intend to benefit the working classes, nor the racial minorities, that made up a good deal of the population in the late 1940s.<sup>31</sup>

The AAEDF, initially made up of some of the most powerful men in Austin, served as the organizing center for Austin’s economic growth and marketing. The group followed Wood’s recommendations closely. It stressed the need to maintain Austin’s way

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<sup>31</sup> Wood, “Outline,” 2-8.

of life as a selling point for businesses in the community, and also acted as a body that would coordinate information between city, county, state, and federal agencies for existing and prospective businesses. The AAEDF also functioned as a clearinghouse for all matters of economic development, answering questions from and sending information to businesses looking to relocate from the North and East. Perhaps because of the obvious economic advantage for Austin, the AAEDF also viewed the decentralization of industry as a patriotic duty per the emerging U.S. Cold War defense program and sought to take on industry for the benefit of the country. Maybe most importantly, within a few months the AAEDF had entered into a legal agreement with the University of Texas where the university's research organizations and development agencies as well as individual professors would provide service to business concerns and individuals looking for data or professional analysis. One of the first joint ventures was the Texas Personnel and Management Conference held in 1948, where the foundation and the University of Texas co-hosted over 1,000 Texas industrial leaders and brought in prominent business speakers from New York. The conference was designed to market Austin as an emerging center of business for the trade area and entire state of Texas. At the 1949 conference the program included a speaker from the University of Chicago, Laird Bell, whose talk addressed "Cooperative Planning for Education and Industry," indicating the growing relationship between technical knowledge and business. This type of relationship between private business and academia may seem self-evident, but the pact between the university and the

AAEDF was considered the first of its kind in the U.S. and was central to the foundation's marketing initiatives.<sup>32</sup>

The AAEDF also began an aggressive, national marketing campaign in late 1948, with the centerpiece being a monthly magazine entitled *Austin and Industry*. *Austin and Industry* both promoted the city to potential businesses and informed local business people about what the AAEDF was doing to promote Austin. Along with Operation Waterlift (mentioned in Chapter One), the AAEDF encouraged national and regional business magazines to write stories about Austin and its friendly business climate and relaxed lifestyle. In its first two years of operation the AAEDF got promotional articles written in *Business Week*, *Tide*, *Barron's Weekly*, and *Modern Industry*. The foundation partnered with the Missouri and Kansas City Railroad on a series of promotional articles in the magazine *News Reel*. By 1950 the AAEDF and the University of Texas were also beginning to work together promoting scientific and engineering research as a business, rather than just business services for prospective companies. In that year the groups sponsored an Aeroballistics Symposium at the university that was jointly attended by academic scientists, businesspeople, and private research scientists. *Austin and Industry*

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<sup>32</sup> Austin Area Economic Development Foundation, "Austin Area Economic Development Foundation." The foundation drew up a short addendum to Wood's "Outline" for its first meeting in April of 1948 which listed the foundation's chief aims and responsibilities; Austin Area Economic Development Foundation, "Annual Report, 1949," (unpublished report, 1949); AAEDF, *Austin and Industry* 1.3 (January 20, 1949).

promoted it and reported on it in an article that also discussed the new defense contracts being fulfilled by multiple research groups at the university.<sup>33</sup>

Most importantly, *Texas Parade* wrote a piece called “Industry Without Smokestacks,” in November 1950, which became a definitive statement of Austin’s dual emphasis on attracting technical skill and clean industry. It also sought to differentiate Austin from regional cities whose economies were increasingly based on more intensive, largely fordist types of industrial production such as oil refining, aerospace and defense manufacturing, and petrochemicals. The AAEDF sought planned and diversified economic expansion that was “consistent with the high character of the city,” an obvious nod towards Austin’s highly educated, white collar population. “Research and development laboratories,” “artistic skill,” and “creative talents in technology and design-professional activities and skilled-labor endeavors of all types” were all phrases describing human capital and light industry found in *Austin and Industry* by 1950. Austin would let other cities attract “heavy industries and other large-scale production and distribution and distribution facilities,” one article claimed, while Austin concentrated on “specialized technological activities” undertaken by smaller, more specialized outfits. Light technological production was natural for Austin, directly in line with the city’s “individual magnetic forces.” This included fostering startup companies, which could be

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<sup>33</sup> *Austin and Industry* 1.1 (October 28, 1948); *Austin and Industry* 1.2 (December 5, 1948); *Austin and Industry* 2.6 (February 19, 1950).

little more than a graduate student with an idea for a company, and attempting to find outside capital to fund local startups.<sup>34</sup>

By 1950 the city had already begun the consistently strong economic and demographic growth that would characterize Austin and its territory for the next half century. Between 1938 and 1949, for example, income for Austin residents increased by an incredible 236 percent in real dollars; much of this was caused by a near 400 percent increase in state and federal payroll, which made up over one third of Austin's total income in 1950. Between 1940 and 1950 Austin's overall income rose by a robust twenty-two percent. Roughly twenty-five percent of all Austin workers were employed by all levels of government. Trade and service income was on the rise as well, counting for almost exactly one third of Austin's total income in 1950. By contrast, manufacturing represented only 4.1 percent of total income in Austin (while it was reaching its historical high of over thirty percent in the United States in 1950), a clear indicator of the disinterest in creating a traditional industrial landscape in Austin. These numbers also suggest that Austin was largely benefitted by being the "center" of Texas, as the State of Texas payrolls, University of Texas payrolls, and university student spending were all main sources of revenue in Austin. University of Texas payrolls doubled between 1944 and 1950, to over \$9 million, and student spending in Austin rose to nearly \$18 million in

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<sup>34</sup> *Austin and Industry* 3.1 (May, 1950), 4-8; "Payrolls Without Smokestacks," *Texas Parade*, November, 1950, reprinted by the AAEDF.

1951. Clearly Austin was growing rapidly, largely because of significant growth in government and university operations.<sup>35</sup>

Still, the importance of the AAEDF's rhetoric of competitive advantage, based in both human capital and natural resources, and niche place making just five years after the end of World War Two, cannot be overstated. Simply having the investment-guaranteed employers such as the University of Texas and the state government in Austin benefitted the city's economy and provided much more stability than in other cities which lacked such assets. But Austin's growth was largely determined by how they conceived of, marketed, and developed those assets. In just a few years the city committed to a particular kind of growth model that focused on Austin's unique place and human characteristics and actively differentiated the city from others in the region. The marketing focus and discursive acumen the city employed go far beyond accepted conceptions of what constitutes simple urban and regional boosterism in the 1950s; the AAEDF actively created Austin as a technical and knowledge-based center of production with a unique mode of production and a specialized economy that offered assets no other city in the Southwest could match to specific producers. Austin urban marketers were among the first to imagine the university as a center of knowledge capital, and they also foresaw lifestyle amenities for potential knowledge workers as a paramount attractive force from a very early time. In the discourse of capitalism, what the AAEDF envisioned

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<sup>35</sup> Federal Reserve Bank of Dallas, "Austin," *Monthly Business Review*, December 1, 1951/Vertical File, "Austin, Texas – Business"/Dolph Briscoe Center for American History, Austin, Texas.

for Austin was a prototype for the radical shifts in the mode of industrial production that became commonplace by the 1980s and gave the city a competitive advantage. But it is also obvious that promoters put the city into a position to succeed in an increasingly knowledge-based economy long before Richard Florida and others have suggested. At the university, and especially at the growing Off Campus Research Center, a new approach to the knowledge economy and new ties between academia, business, and profit were being developed.

### **J. Neils Thompson, the New Knowledge Economy, and Academic Capitalism at UT**

In April of 1949, three years after Lyndon Johnson, Tom Miller, and some professors deftly gained control of the former magnesium plant for the University of Texas almost free of charge, the future of Balcones Research Center (BRC)<sup>36</sup> was solidified when the WAA approved the transfer of the property title to the university. J. Neils Thompson, who quickly assumed the role of lead professor in the negotiations, was able to get the WAA to reclassify the plant from industrial to non-industrial, which secured a 100 percent price discount rather than the customary seventy percent. Instead of paying for the facility in cash or loan, the transfer stipulated that the university would pay for the \$8 million facility by doing research that benefitted the public good over twenty-five years, meaning that once again the federal government was essentially investing a large amount

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<sup>36</sup> For clarity I will refer to the facility as the Balcones Research Center (BRC) even though it was called the Off Campus Research Center and the Texas Memorial Research Laboratories before being named the BRC in 1954 and is today named after longtime U.S. Congressman J.J. Pickle.



of unencumbered capital into the university and Austin. It was the U.S. government's largest equipment transfer and the sixth largest real property dispersal to an educational institution after World War Two. The transfer also made the nascent expansion of scientific research into the primary goal for the university as the space and capital needed for a long-term research agenda was secured. The AAEDF was excited as well; President C.B. Smith, who had already begun preliminary work to assist with the expansion of university research and development, called the facility one of the three foremost scientific research centers in the country. The BRC had already played a significant role in attracting the Jefferson Chemical industrial research lab. It was expected to house numerous labs run by various university groups, many of which were funded by a growing number of government contracts.<sup>37</sup>

The 1950s at the BRC became the golden age for technological research and development in Austin, led by Professor of Civil Engineering and BRC Director for twenty-five years, J. Neils Thompson. Thompson, who is better known as the University of Texas Athletic Director in the 1970s, was the key actor in Austin's technology-based growth and the first person to implement a capitalist vision for the university's research interests. Like Frederick Terman at Stanford, Thompson's aim was to engender and facilitate growth, publicly for the university and privately through university assets,

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<sup>37</sup> Raymond Brooks, "WAA Gives Magnesium Plant to Austin," in *The Austin American*, April 23, 1949; "J. Neils Thompson to Dr. T.S. Painter," March 28, 1949/Folder, "Off-Campus Research Center, 1948-49"/Box VF28-C.a/University of Texas President's Office Records/Dolph Briscoe Center for American History, Austin, Texas; "University Assured Magnesium Plant," (N.P., April, 1949)/ Folder, "Off-Campus Research Center, 1948-49"/Box VF28-C.a/University of Texas President's Office Records/Dolph Briscoe Center for American History, Austin, Texas.

which included graduates. He was instrumental in defining the BRC's research trajectory and in implementing policy and working directly with private and government concerns to create an economically self-sustaining research facility. Thompson also coordinated efforts as Vice President of the Austin Chamber of Commerce directing economic growth in the 1950s. As a scientist with a particular skill in management and human relations, Thompson created a system of horizontal integration for science laborers and defined a particular mode of production that came to dominate Austin both within and outside the university. While Manuel Castells and others have argued that business practices such as horizontal integration, project-based work, and small, interrelated group work arose with the change from fordist to posfordist practices in the 1970s, the experience at the University of Texas beginning in the 1950s suggests that these business practices can be traced to scientific research originating during World War Two and emerging at research and development groups and at universities in the early postwar period. Research on Silicon Valley supports this thesis as well. The commonly used terms "informationalism" and "informational economy," coined by Castells, not only refer to information technology and the changing role of the state as a basis for economic production, but also to a more flexible mode of production defined by more flexible styles of management, decentralization and networking of firms, and diversification of working relationships. In this way, Austin was an early "hot spot" of new economic and social developments and an emerging area of economic advantage because of the social manifestations of production and research employed at the BRC and beyond.<sup>38</sup>

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<sup>38</sup> Manuel Castells, *The Rise of the Network Society: Second Edition with a New Preface* (Malden, MA:

Castells lists a number of changes implemented by businesses to better deal with productive pressures associated with postfordism, but he is quite clear about the reasons for the shift from vertical to horizontal integration. He writes, “the corporation itself has changed its organizational model to adapt to the conditions of unpredictability ushered in by rapid economic and technological change.” He goes on to list the major characteristics of the horizontal organization: organization around process, not task; a flat hierarchy; team management; measuring performance by customer satisfaction; rewards based on team performance; maximizing of contacts with customers and suppliers; information, training, and retention of employees at all levels. These traits are very much compatible with the style of management employed at the BRC and eventually at TRACOR, both of which evolved out of the specific conditions of research and scientific production in applied research laboratories. The importance of understanding horizontal integration in this context is thus less that it is associated with the “lean model” of production under neoliberal modes of production and more that it is associated with the scientific process of laboratory-style production not necessarily related to any macroeconomic regime. Particularly, that horizontal integration and public-private research endeavors flourished among early Austin research and development groups indicates that flexible production constituted something of an economic advantage. This further highlights the dynamic

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Blackwell Publishing, 2010). See especially 77-80 and 99-100 for the Informational Economy; see especially 163-215 for a detailed account of informational institutions and organizations, which is what I argue was happening at UT in the 1950s; For Frederick Terman, see Stuart Leslie, *The Cold War and American Science: The Military-Industrial-Academic Complex at MIT and Stanford* (New York: Columbia University Press, 1992).

nature of capitalist production, even when supported by high levels of growth under Keynesianism.<sup>39</sup>

For Thompson, the major function of the BRC was to facilitate all types of sponsored research in an effort to grow the university, Austin as a scientific city, and the State of Texas's industrial strength. His commitment to the BRC as an engine of economic growth was a strategy that grew out of the obvious need for new scientists and engineers at the outset of the Cold War and a national defense program that was willing to direct an incredible amount of capital to universities towards that end. Universities would in turn fulfill technical and research contracts for government departments and simultaneously train more undergraduate and graduate engineers than ever before. As early as 1948 the federal government was responsible for fifty three percent of the organized research in the United States; between 1940 and 1944 the federal budget for industrial research grew by over 1,000 percent. Thompson initially envisioned the BRC as the space where the dual purpose of sponsored research and advanced graduate and undergraduate training could unfold and as an asset for attracting a suitable portion of the available research capital that many aggressive universities were sure to court. He also saw that the BRC could provide something that most other universities' facilities could not: research partnerships with private firms that found the space and materials at the BRC attractive. The city's payrolls and the university's funding and prestige could grow

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<sup>39</sup> Castells, *Network Society*, 176. Castells takes some of his argument regarding organizational flexibility from Michael J. Piore and Charles F. Sabel, *The Second Industrial Divide: Possibilities for Prosperity* (New York: Basic Books, 1984).

together if the BRC was properly organized and administered. And the BRC could further the public good in Texas by assisting with the state's industrial expansion as well as providing a surplus of skilled labor that would fill the needs of private industries as Austin's technological and research economy grew. Above all, Thompson clearly understood that technical knowledge was increasingly at the root of competitiveness and productivity, both in the public research domain and in the private industrial arena. Austin, unbound by fordist style production facilities and a glut of unskilled labor, and boasting a continuous flow of skilled graduates and now the BRC, was in a prime position to take advantage.<sup>40</sup>

Beginning just before the BRC was transferred to the University of Texas in April 1949, Thompson outlined his plan to develop the facility in a paper he delivered to the Southwestern Section of the American Society for Engineering Education. The greatest challenge facing the physical sciences at the outset of the Cold War was the lack of established research scientists able to work and teach at the university level. This shortage was, to many commentators, an issue of national security and safety as well as education, and was the focus of President Truman's Scientific Research Board studies which recommended a dramatic increase in federal subsidies for higher education research. Thompson was keenly aware of what was at stake. In 1948, John R. Steelman wrote a report to President Truman on Manpower and Research, which contained a

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<sup>40</sup> J. Neils Thompson, "Proposed Development of the Memorial Research Laboratories at The Austin Magnesium Plant," (unpublished paper, 1949)/Vertical File, "Balcones Research Center, University of Texas"/Dolph Briscoe Center for American History, Austin, Texas.

section called “The Crisis of Science in the United States.” Steelman found that there were not nearly enough scientists to carry out the necessary research work and to train future scientists. Thompson saw this shortage as an opportunity to both attract federal funding and define a research and teaching agenda that focused on applied research and teaching as a dual function of university professors.<sup>41</sup>

Thompson seized the opportunity by outlining a plan for development that focused on his role as Director of the BRC and also as coordinator of research for all the university’s engineering departments. His speech recommended creating an independent university agency to coordinate research among the various departments and the graduate school and to offer assistance with attracting grant money for that research. The agency would plan for the use of equipment and manpower among the various research groups, work with the university administration on contracts and proposals, help to further develop patent policies, acquire facilities and equipment, and report research to the media. The agency would know the status of all the departments and would be able to facilitate communication and coordinate between groups efficiently. Coordination created efficiency, and it also was a potential asset in attracting talent to the university, particularly if the agency was able to develop a patent policy that allowed for individual researchers to benefit financially from their work. To Thompson, creating this type of agency to manage research would give the University of Texas an immediate advantage

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<sup>41</sup> J. Neils Thompson, “Integrating Sponsored Research into the University Research Program,” (Unpublished paper, 1949); N.A., “UT Prof Fears Trend to Mediocrity,” *Austin American*, October 22, 1950.

in securing contracts and assessing its ability to carry out diverse types of research among disparate researchers.<sup>42</sup>

Essentially, what Thompson sought was an agency to assume the managerial function, and let researchers concentrate on specific scientific research and teaching, while also coordinating and promoting university research and aggressively seeking sponsors. He stressed organizational flexibility, creative autonomy, and encouraged small, group-centered work rather than autarkic modes of production. The key to being successful in research, Thompson claimed, was the ability to adjust quickly to the various programs that develop rapidly based on the needs of the military. Unlike private industrial research laboratories or government departments, which had a narrow focus, the eclecticism of university scientists could only be an asset if research groups could be assembled and dissolved to meet the needs of particular programs. When one program was completed, scientists were assigned to different programs by the coordinating organization. By pooling resources, the agency could also facilitate a basic level of vertical integration, where ancillary but necessary services could be centralized (for example a machine shop, one of the first shops installed at the BRC) at the university rather than contracted outside of it. Pooling all research department funds, as well as funding coming from outside sources, also allowed for the agency to buy necessary equipment and materials in bulk, which cut down on costs.<sup>43</sup>

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<sup>42</sup> Thompson, "Integrating Sponsored Research," 5-13.

<sup>43</sup> Thompson, "Integrating Sponsored Research," 10-14.

This very flexible mode of production was developed to be efficient as well as adaptable from a business perspective, but it also suited the project-based research and development model much more than a traditional industrial production model. One reason for this is related to the rise of human capital and the growing need to attract and keep the specific type of skilled laborers who could perform scientific research. Unlike poorly educated workers who made up the majority of industrial employees in most cities, Thompson viewed scientists as active, creative workers who needed both constant intellectual stimulation and a business-minded organization to free them from non-research matters. He envisioned flexibility as a tool that would improve the university from a business perspective but also as an attractive asset to scientists who needed creative change. The need to attract talent led directly to the development of innovative and flexible management styles at the BRC and eventually in Austin's research firms. A second reason was the process of scientific work. Unlike most modes of industrial production, the university research and development mode of production was not intended to reproduce specific products; its nature was rather to reorganize itself efficiently and fluidly to meet an endlessly changing variety of potential projects. The production of knowledge, as a process, is of course much less static than manufacturing a good or material, and hence a creative environment was considered more valuable than rational, efficient modes of production or depressing labor costs. In some ways, then, the more flexible system of production employed in scientific research constitutes a revalorization of the particular, specific skills of the laborer, who is viewed as something



like a craftsman or artisan by management. Reproduction of this type of labor power requires investing resources into potential laborers, rather than exploiting workers.<sup>44</sup>

Thompson began implementing his unique system at the BRC almost immediately after the university assumed control of the facility in 1946, and it expanded rapidly after the university was assured ownership in 1949. In 1949 Thompson and another Engineering Professor, Dr. C. P. Boner, created the Office of Government Sponsored Research, which served as the blanket agency that Thompson envisioned and whose primary task was locating and coordinating research projects for the entire university. But it was Thompson himself who organized most operations at the BRC. By August 1950, seventeen research laboratories had been relocated or established on the campus, and only a small percentage of the building space was being used. Most of the major early laboratories were funded in large part by military-sponsored contracts. The MPRL was studying airborne flight control while the Navy was sponsoring supersonic air flow studies by the Fluid Mechanics Lab. The Nuclear Physics Research Lab had a state of the art Van De Graaff atom smasher paid for and installed through a contract with the AEC and the Electrical Engineering Lab was studying radar waves for the Office of Naval Research. The DRL, the oldest defense-related lab at UT, was working with one of the first mass spectrometers to be used by a public institution. Donated by Humble Oil in 1948, the spectrometer was available to the labs as well as private Texas industries. The

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<sup>44</sup> This last point regarding a return to craft production and a revaluation of labor is taken from Michael J. Piore and Charles F. Sabel, *The Second Industrial Divide: Possibilities for Prosperity* (New York: Basic Books, 1984).

BRC's early success was demonstrated by the volume of contracts that were almost immediately won by its research groups. By mid-1951 fifteen of the nineteen labs were performing government sponsored research related to defense. By 1952 the BRC was financially self-sustaining through research contracts, meaning that its operations required no tax-supported assistance from university coffers.<sup>45</sup>

Thompson spent much of his first few years at the BRC in Washington securing military research contracts and making contacts in various departments which he organized among the research groups. His Washington contacts were essential in both the acquisition of the property and in much of the federal money that underwrote its early operations. By 1953, however, after the BRC was operating exclusively on external contract money, Thompson began implementing long range plans for the facility which focused more on developing business for Texas and Austin. His function was essentially managerial: neither Thompson nor any other directors had any say in everyday research operations and scientists were basically left alone to work with their groups. Thompson assessed spatial and equipment requirements and evaluated the groups' products. The BRC was already training over 200 graduate students who were employed by the labs, and faculty received what Thompson called "a stimulus, a continued renewed enthusiasm" because their work varied from project to project. The center, Thompson

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<sup>45</sup> N.A., "Director of Research at UT says Center Ready for War Switch," *Austin American Statesman*, August 13, 1950; N.A., "Texas U Device Aiding Defense," *Dallas News*, July 23, 1950; N.A., "UT Research Aids Defense," *Daily Texan*, February 18, 1951; "Off Campus UT Research Pursues War Trend," *Austin American Statesman*, July 29, 1951; "J. Neils Thompson to Dr. J.C. Dolley," June 27, 1951/Folder, "Off Campus Research Center, 1951-52"/Box VF28-C.b/ University of Texas President's Office Records/Dolph Briscoe Center for American History, Austin, Texas.

wrote, “does not supervise.” Its only function was to optimize resources. None of the labs were completely autonomous, but neither were their day-to-day operations dependent on the central managing body.<sup>46</sup>

While publicly Thompson addressed BRC research and lauded its benefit to the public and the Cold War effort, by 1953 he also began to privately outline how the BRC could grow business and industry in Texas. The long term benefit of the BRC was as the focal point for industrial research and development for Texas and as the core scientific center of the Southwestern United States. Thompson planned to use extra funding to aid start up laboratories, both through the university and small, research-related private enterprises, and then encourage them to “move along on their own momentum.” In 1954 he helped create the Institute for Advanced Engineering within the Division of Extension, which offered courses to practicing engineers that helped keep them apace with new theoretical and research work being done at the university and around the country. The program was the first of its kind in the Southwest, and Thompson felt that it would play a large role in keeping University of Texas engineering graduates in Austin to enhance the city’s skilled labor pool. Finally, Thompson understood that the BRC was central to keeping research money for and from Texas industry in Texas. When fully developed, the

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<sup>46</sup> “W. George Parks to J. Neils Thompson,” May 29, 1951/Folder, “Off Campus Research Center, 1950-51”/ Box VF28-C.b/ University of Texas President’s Office Records/Dolph Briscoe Center for American History, Austin, Texas; “J. Neils Thompson to Dr. Logan Wilson,” January 18, 1954/ Folder, “Balcones Research Center, 1953-54/ Box VF28-C.b/ University of Texas President’s Office Records/Dolph Briscoe Center for American History, Austin, Texas; J. Neils Thompson, “Administrations and Functions of the Balcones Research Center,” (Memorandum, January, 1954)/Folder, “Balcones Research Center, 1953-54”/ Box VF28-C.b/ University of Texas President’s Office Records/Dolph Briscoe Center for American History, Austin, Texas.

BRC would keep “research sponsored by Texas industry . . . at home, rather than going to Illinois, Michigan, and M.I.T.” The reference to such nationally prominent engineering schools as research peers indicated that the BRC was allowing Texas engineering to be competitive in a national rather than regional market. By the late 1950s University of Texas Regents strongly believed that their institution as a whole was comparable to the best public universities in the country.<sup>47</sup>

Led by Thompson’s initiatives and the continued expansion of federal investment in applied research, the university and the BRC steadily refined their business model over the next few years. In 1960 President Elect Kennedy’s Science Advisory Committee published a report that again expanded the federal role in university applied research funding. The report advocated for institutional grants for upgrade of facilities at research universities and recommended that the federal government increase its funding of graduate education and equipment, especially in the sciences. The report also found that there was a negative division between science teaching and research, indicating that most researchers had teaching loads that were too large. Research scientists employed in industries were encouraged to become connected with graduate education programs at major universities. Most importantly, the federal government needed more “first rate

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<sup>47</sup> “J. Neils Thompson to Logan Wilson,” March 31, 1953/Folder, “The Balcones Research Center, 1952-53”/ Box VF28-C.b/ University of Texas President’s Office Records/Dolph Briscoe Center for American History, Austin, Texas; N.A., “Institute for Advanced Engineering Created to Help Old Grads Catch Up,” *Engineering-Science News*, 2.2 (March-April, 1954)/ Folder, “Balcones Research Center, 1953-54”/ Box VF28-C.b/ University of Texas President’s Office Records/Dolph Briscoe Center for American History, Austin, Texas; “J. Neils Thompson to Judge James P. Hart,” January 28, 1953/ Folder, “The Balcones Research Center, 1952-53”/ Box VF28-C.b/ University of Texas President’s Office Records/Dolph Briscoe Center for American History, Austin, Texas.

academic centers of science.” Preferably these centers would be integrated rather than dispersed, meaning that one facility housed multiple types of research programs as the BRC did. The University of Texas and BRC had already implemented most of the measures that the report called for.<sup>48</sup> Beginning in the Fall semester of 1962, and owing to the success of the BRC’s research program and improved federal funding for research, the university began to separate research from teaching completely by creating three new, non-faculty research positions: Research Scientist, Research Engineer, and Systems Development Specialist. The positions were the first non-academic, non-administration, and non-classified research positions at the university, and each was funded completely by state or federal grants or private sources rather than by tax dollars.<sup>49</sup>

By 1964 Thompson understood contemporary technology-based growth models for universities, cities, and regions, and his plans were able to fluidly integrate a growth model for all three simultaneously. His report to Texas Governor John Connally that year articulated a comprehensive economic growth strategy for the emerging technopole based largely on ideas that today’s students of urban growth usually consider to be much more recent. For instance, Thompson understood that research and development firms and specific types of electronics production, which by this time probably indicated the emerging semiconductor industry, tended to cluster in agglomerations because the

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<sup>48</sup> John W. Finney, “Report Bids U.S. Spur Science Aid for Universities,” *New York Times*, November 20, 1960, 1.

<sup>49</sup> “Norman Hackerman to Wilson Stone, et al.,” August 22, 1966/Folder, “I – Special Programs OGSR Projects”/Box VF 33-B.a/University of Texas President’s Office Records/Dolph Briscoe Center for American History, Austin, Texas.

exchange of knowledge was so central to their development. The BRC provided the central technological space to attract companies looking to profit from proximity to academic knowledge. Private firms, many of which were reorienting themselves towards science and engineering and away from what he called “markets, manpower, and raw materials,” could increasingly be courted by cities. For cities, aggressive marketing brought in technological companies which would then be “self-generating,” meaning they would naturally engender other similar companies due to advantages of propinquity. For Austin, this policy meant marketing the city’s natural and social advantages along with its human and scientific resources as something of a work-and-leisure combination that offered constant stimulation to potential laborers as well as an early “sense of place” built on technology and leisure. As Thompson told Connally, “the most marketable product of the future is improvement of the community, so growth must be focused at the local level.” It went without saying that the types of workers the policy sought to attract were those making higher wages; despite an abundance of cheap Southern blue collar in the 1950s and 1960s, Thompson and most of Austin’s leaders chose to court higher wage, higher skill personnel who they felt would add more value to the community.<sup>50</sup>

As the federal government’s role in supporting military technology leveled off, however, the role of promotion and economic generation took on an increasingly local dimension as private development and consumption increased. For Thompson this

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<sup>50</sup> J. Neils Thompson, “U.S. Department of Commerce State Science and Technology Conference,” (unpublished report, 1964)/Folder, “Balcones Research Center, 1960-68”/Box VF 38 – D.a/University of Texas Presidents Office Records/Dolph Briscoe Center for American History, Austin, Texas.

change indicated growing interregional and interurban competition that needed to be addressed by policy. Increasingly local communities needed to assume risk and take initiative in pooling capital to attract research outfits. He was “convinced that a reconversion period is imminent in many areas of industry and unless we prepare for it we could experience many heartaches in adjustment and wasted manpower in technology areas.” An important function of municipal and state governments was therefore an increasingly entrepreneurial policy; this meant not just marketing “centers of excellence” but also providing capital and attractions for potential investors and other people likely to create jobs related to technology. The city and university needed to work together to bring industries that would keep University of Texas graduates in Austin.<sup>51</sup>

For Thompson, by the mid-1960s two broad ideological issues had become defined. First, Thompson’s report makes obvious that the region’s economic health was tied to technological development rather than the earlier idea, more common in the 1940s, that attracting other kinds of industry could be beneficial to Austin. The issue of quality of life now appeared far more important as a rhetorical development strategy than simple economic growth. Still, aggressive marketing policies were paramount in attracting the capital necessary to grow in this model, and that task could be accomplished best by a cooperative growth effort that comprised the university, the city, and the state. The importance of this strategy certainly lay in the cooperative vision that it evoked, but more so in the idea that the three entities shared a particular business model,

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<sup>51</sup> Thompson, “Technology Conference.”

one that in later decades came to define regional and urban competitiveness more broadly, but was clearly evident in Austin during the early 1960s. Austin and the University of Texas were both extremely entrepreneurial in their own right. This model was defined by an extremely aggressive effort aimed primarily at attracting technology businesses and investment, talented individuals, supporting development locally, and facilitating creative and entrepreneurial enterprises both financially and socially. For both the city and the university, the BRC was the key feature in attracting human and investment capital, and would enhance the conditions of technology-based production in Austin; Thompson's role was to help researchers collaborate and build social and academic networks that would, in time, become self-sustaining and eventually a marketable commodity for other creative workers and industries.<sup>52</sup>

The second issue evident in Thompson's report was the increasing need to attract private investment in an era of waning federal investment, particularly contracts for smaller industries and research groups as more federal money went to giant corporations like Lockheed, which specialized in defense-oriented production, and large federal outfits such as NASA. Thompson's notion of "self-sustaining" industries was important in this regard, as were the contacts made by him and many other scientists with other private researchers who had worked together on government contracts through the 1950s. But equally important were the almost ubiquitous low risk government contracts that

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<sup>52</sup> Thompson, "Technology Conference;" See also Fred Turner, *From Counterculture to Cyberculture: Stewart Brand, the Whole Earth Network, and the Rise of Digital Utopianism* (Chicago: University of Chicago Press, 2006) for developing social relationships based around technological work.



supported the BRC for nearly two decades. The federal commitment to public research and development was a laboratory in and of itself, where engineers learned, created, and found new applications for military products.

### **Postwar Geographies of Production**

Thompson and the BRC also played a crucial role in creating the decentralized geography that defined Austin's research and development landscape by the late 1950s. Unlike most major cities, where postwar suburban growth was fueled primarily by residential development designed to quickly rectify a severe housing shortage, in Austin the Cold War-fueled concept of industrial dispersal drove development on the urban fringe. The policy, followed throughout the 1950s, encouraged centralized industries to disperse, both out of central urban locations to the metropolitan fringe and out of traditionally dense industrial locations to less dense areas, which generally indicated moves from the North and East to the South and West. From a policy perspective dispersal was encouraged as a defense against nuclear attack, and rhetoric surrounding it focused on the benefits of having defense industries spread out evenly throughout the country. Politically, however, dispersal encouraged development on the metropolitan fringe and gave states like Texas even more reason to facilitate industrialization and court business. Scholars of postwar suburbanization almost always focus on federal incentives that encouraged sprawl, most notably the GI Bill, the FHA's low interest home mortgage

program, and other subsidies for green field development. Suburbanization usually began with tract housing developments and then followed with commercial development like shopping malls. In Austin, although residential and commercial property was expanding slowly outward in the 1950s, the earliest developments on the urban perimeter were related to research, usually in conjunction with the BRC. The city even built a highway in the late 1950s that circumvented all residential development and connected the BRC directly to areas that were projected to house future private technology companies and technology manufacturing venues. Known as Research Road, the highway facilitated a sprawling industrial geography that simultaneously kept Austin's tech industries connected to one another and away from the residential and commercial centers of the city as Austin grew.<sup>53</sup>

The postwar federal policy of industrial dispersal is not often discussed in discourses surrounding metropolitan growth, suburbanization, and the regional Sunbelt shift, all of which accelerated rapidly in the 1950s. This is, again, an omission caused by a focus on older, larger metropolitan areas, primarily in the North and Midwest, which lost industries and decentralized industry because of the policy. Thompson, however, used industrial dispersal as something of a call to action for the city and the university. In the early 1950s Texas Governor Allan Shivers appointed Thompson as the Texas

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<sup>53</sup> For postwar suburbanization, see Kenneth Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York: Oxford University Press, 1985), 231-245; Dolores Hayden, *Building Suburbia: Green Fields and Urban Growth, 1820-2000* (New York: Pantheon Books, 2003); Lizabeth Cohen, "From Town Center to Shopping Center: The Reconfiguration of Community Marketplaces in Postwar America," *The American Historical Review*, 100.1 (October, 1996): 1050-1081.

Coordinator of Engineering Services of the Division of Defense and Disaster Relief, a position that gave him access to information regarding federal dispersal policies through the Office of Defense Mobilization (ODM)<sup>54</sup>, one of the most powerful federal agencies during the early 1950s. The ODM is usually associated with creating and enforcing tight controls on production and rationing of war-related materials, but it also functioned as an agent of geographical dispersal and created some incentives for dispersal. As coordinator, Thompson frequently attended industrial defense conferences around the country, had access to dispersal literature, and understood the advantages that dispersal could bring in securing federal contracts and other subsidies. He also understood that the policy favored smaller cities.<sup>55</sup>

The 1950 census and the United States's concomitant entry into the Korean War heightened concerns about concentration that had been present since at least 1947. The census contained some alarming statistics. The fifty largest U.S. cities contained over fifty-four percent of the nation's factory workers and seventy-one percent of U.S. industrial capacity, levels of concentration which the ODM considered very dangerous in an age of atomic threat. Even more alarming was the concentration of some specialized, higher technology production that was considered vital to national defense. Marshall K.

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<sup>54</sup> After the Korean War ended, the ODM's importance waned, but its policies were generally still followed. In 1958 the ODM merged with other agencies to become the Office of Civil and Defense Mobilization.

<sup>55</sup> See, for example, Marshall K. Wood, "Industry *Must* Prepare for Atomic Attack," *Harvard Business Review* (May-June, 1955): 115-128; "J. Neils Thompson to DR. C.P. Boner," April 15, 1955"/Folder, "PP – Balcones Research Center, 1954-55"/Box VF 31-B.a./ University of Texas President's Office Records/Dolph Briscoe Center for American History, Austin, Texas.

Wood, a prominent management and industry analyst in the 1950s and 1960s, estimated that fifty-two percent of the instruments industry were located in just three cities in 1955, fifty-two percent of electronic machinery was produced in just ten cities, and forty-five percent of all chemicals were produced in ten cities as well. It was increasingly clear that deconcentrating production was the best defense against the possibility of atomic attack. Politically, Thompson used deconcentration policy as a reason to advocate for increased urban marketing for Austin.<sup>56</sup>

In 1951 the Truman administration announced a national dispersion policy that was augmented and enhanced over the next decade and created incentives that were similar to those employed to encourage residential suburbanization. Defense Mobilization Order I-19 of 1956 and the Defense Production Act created many of the crucial subsidies for dispersal and helped to define what constituted dispersal. The Defense Production Act of 1951 allowed capital expenditures for “protective construction features” (a term purposefully left very ambiguous) to be amortized over a five year period per the new IRS tax code, creating financial incentives for building new production facilities. Companies could likewise use tax amortization simply for relocating to areas deemed suitable for dispersal; the federal government also adopted a policy of giving preference to research and production contract applications that came from companies in dispersed areas. Even though placing production contracts in dispersal locations might be more

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<sup>56</sup> Wood, “Industry *Must* Prepare for Atomic Attack;” Federal Civil Defense Administration, “Industrial Survival,” November 8, 1956, 5; Office of Civil and Defense Mobilization, “10 Steps to Industrial Dispersal,” April, 1960. All documents can be found in Folder, “Civil Defense – Industry”/Box CDL3 2005 – 111/2/J. Neils Thompson Papers/Dolph Briscoe Center for American History, Austin, Texas.

expensive in the short term, figuring the potential cost of replacing them after an attack made them cost effective. Wood recommended reducing corporate income taxes in dispersal areas and also claimed that all companies fulfilling government contracts should have mandatory relocation back up plans in dispersed areas to rapidly resume production. Already geographic areas with lower densities such as the South were in the process of lowering corporate taxes and offering various subsidies for industrial development. With the exception of already established, large scale fordist-style industries, dispersal advocates argued that most any type of geographical shift away from a center of production would be cost effective.<sup>57</sup>

The dispersal program viewed cities as primary locations and as the primary unit of analysis when discussing nuclear attacks. It also put a new focus on urban development and privileged not just specific regions but, more particularly, specific type of cities in those regions. Cities that were too concentrated, too large, or too small were not considered ideal. Industrial or urban concentrations were defined as cities with either 16,000 defense-related workers or 200,000 people within a four mile radius, both of which excluded Austin. Austin was also large enough to provide the basic functions necessary for alternative corporate headquarters or new productive facilities:

transportation, accommodations, and infrastructure able to absorb a fast, unexpected

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<sup>57</sup> Wood, "Industry *Must* Prepare;" N.A., "The National Industrial Dispersion Program," *Industrial Survival*, March, 1957/ Folder, "Civil Defense – Industry"/Box CDL3 2005 – 111/2/J. Neils Thompson Papers/Briscoe Center for American History, Austin, Texas. For corporate tax rates, see Gavin Wright, *Old South, New South*, 260-262. In general, Southern states really began lowering corporate rates in the early 1960s and by 1970 Southern rates were lower than the national average. Texas did not have a corporate tax rate.

surge in population. For Thompson, the policy of industrial dispersal in the 1950s was political justification to aggressively support an enhanced business apparatus focused on growth. Dispersion provided potential investment in local industry based on Austin's size and character that reinforced growth ideologies for the city. On campus, the first university spinoff company was providing more evidence that Austin's future would be defined by harnessing intellectual capital.

### **Defining the Future of Technological Production: TRACOR and *Austin in Action***

By 1960 dozens of small research and development and precision manufacturing outfits dotted Austin's economic landscape. White Instrument Laboratories, Lacoste and Romberg, and Texas Nuclear Corporation, all of which had ties to university engineering departments, were some of the largest and most successful. The founding of the research and development corporation Texas Research Associates (TRACOR)<sup>58</sup> in 1955, however, best demonstrated the growing links between publicly-sponsored research and private development in Austin. By the early 1960s the company's success was also an indication to the city council and chamber of commerce that research and technological manufacturing could generate high levels of economic growth in Austin. TRACOR, which gradually grew into a manufacturer of scientific instruments by the 1960s, was

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<sup>58</sup> Originally called Associated Consultants and Engineers before changing to Texas Research Associates in 1960 and TRACOR in 1962.

founded and run by University of Texas professors and graduates, many of whom were simultaneously working for both institutions.<sup>59</sup>

The President of the company, Richard N. Lane, was a UT physicist who recruited colleagues from war-related laboratories to found TRACOR. They used contacts, information, and modes of research that they learned while members of various departments and laboratories at the University of Texas to quickly grow their business. In particular, TRACOR built its human capital from the highly specialized defense-oriented labs at UT, especially the DRL and the MPRL,<sup>60</sup> which merged in 1964 to become the Applied Research Laboratory (ARL). TRACOR played a large role in keeping elite, young engineering talent in Austin as it steadily grew through the 1960s. Like many similar firms, some of which were located in Silicon Valley, TRACOR was able to easily adapt their technologies to commercial markets when the Department of Defense downsized its electronics expenditures in the 1960s, and its leadership's business acumen allowed the company to diversify rapidly. TRACOR's diversification also generated a number of spinoffs, and the type of development TRACOR initiated went on to define Austin's successful high tech businesses by the 1980s. The flexible mode of production, both in research and development and increasingly in instruments manufacturing, at TRACOR also mirrored the style employed by Thompson at the BRC and by many

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<sup>59</sup> Austin Chamber of Commerce, "Austin Invites You to Share Texas' Scientific, Educational, and Recreational Center," (pamphlet, 1960).

<sup>60</sup> Called the War Research Laboratory from its inception in 1942 until 1945, when its name was changed to Military Physics Research Lab.

nascent tech firms in Silicon Valley. Geographically, TRACOR was closely tied to the BRC after 1965 when it opened an 80,000 square foot facility on Research Road about five miles northeast of downtown Austin. The two scientific complexes formed the basis for Austin's technological agglomeration, one mostly public and the other mostly private, that grew around the BRC and on Austin's Eastern border near Highway 183, which directly connected the two areas. In terms of human capital, the university quite literally engendered the private research and development market, and later semiconductor and other electronics production, in Austin.<sup>61</sup>

During World War Two the university, like many others, actively sought federal wartime military contracts and developed specialized labs whose sole purpose was military research. The MPRL was the first, opening up in 1942 and run by Austin's foremost physicist, Dr. Lucien Lacoste, who had recently invented the gravimeter, which measures gravity locally, with his mentor Arnold Romberg. The two also ran a private business together during the period. Lacoste's specialty became vehicle-mounted gravimeters, and the Navy contracted with the MPRL to have Lacoste and his associates develop instruments that would improve the accuracy of aerial gunnery using gravimeters. The DRL opened shortly before the war ended in 1945, also funded by the Navy to study surface to air missiles. The two labs formed the basis of the university's

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<sup>61</sup> For the comparison to Silicon Valley regarding Department of Defense expenditures, see Christophe Lecuyer, *Making Silicon Valley: Innovation and the Growth of High Tech, 1930-1970* (Cambridge: The MIT Press, 2006), 6-8; For TRACOR history, see N.A., "The New Breed: Richard Lane," *Texas Business and Industry* (August, 1969)/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas.



early military-sponsored research and development, and funded a tremendous increase in the amount of researchers employed by UT after the war. By the early 1950s the scope of each lab shifted. The DRL was a leader in early radar, satellite navigation, signal processing, and underwater acoustics, while the MPRL concentrated on electro-optics (infrared and ultraviolet technology) and radar. It was one of the first U.S. laboratories to make extensive use of computers and eventually housed one of the world's few supercomputers at the BRC. Up through the late 1960s, after the two labs merged, they were funded almost entirely by federal military contracts.<sup>62</sup>

TRACOR drew its talent almost exclusively from University of Texas engineering departments and especially from the DRL, whose specialties TRACOR adopted. TRACOR's mission statement in their own catalog identified the relationship between the company and the university without overtly portraying the two as overlapping entities: "Although there is no operational connection between Texas Research Associates and the University, close personal liaison is maintained between TRA scientists and their friends on University staff." TRACOR founder and first President Richard N. Lane worked for DRL boss C.P. Boner as an undergraduate in the Department of Physics in the 1930s. The list of senior staff at TRACOR in the early 1960s was made up almost entirely of researchers and professors who also held positions at the university. Norman Hackerman, who was recruited to UT to chair the growing

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<sup>62</sup> "Applied Research Laboratories: The University of Texas at Austin: General Information," (pamphlet, 1975). The DRL was run by Dr. C.P. Boner, a close associate of J. Neils Thompson and his partner in developing the Office of Government Sponsored Research in 1949.

Department of Chemistry in 1952, joined TRACOR's staff as a Senior Scientist in 1956 and eventually became President of the University of Texas in the late 1960s. Ray M. Hurd, who received his PhD from UT and was in charge of all chemical research at the DRL starting in 1950, worked in electrochemistry for TRACOR. By 1959, all twelve senior associates at TRACOR listed in the company's brochure had worked or were working for the DRL and many were working in other university departments. Most of TRACOR's talent was young as well; ten of the twelve had received a BA, MA, or PhD from UT since World War Two. Clearly, TRACOR took advantage of a distinct increase in very specialized engineering talent at UT after World War Two, and simultaneously became an attractive force for more young engineers interested in their style of knowledge labor and the possibility of holding positions in the company and in academia.<sup>63</sup>

TRACOR's main types of research were very diversified, but they also tended to mirror the major work being done at the highest levels of military research at the university labs, concentrating on anti-aircraft and missile systems, underwater sonar equipment, acoustics, and computers. The product that launched TRACOR in the late 1950s was the solion, a molecular electronic transducer capable of measuring a craft's velocity and used to maneuver aircraft. The money invested in the solion by Union Carbide was used to expand operations, and by 1958 the company was profitable.

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<sup>63</sup> TRACOR, Inc., "Texas Research Associates," pamphlet (Austin, TX: ND)/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas. The pamphlet is most likely from around 1959 or 1960; "The New Breed: Richard Lane," *Texas Business and Industry* (August, 1969)/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas.

From its outset TRACOR's mode of operation was extremely flexible and group-centered, similar to operations at the BRC. Lane claimed that a "spirit of adventure" led to the company's founding, something that the original group's employment at the DRL allowed for. Initially, the small company had no office; they carried "offices" around in their briefcases and conducted planning sessions in a spare bedroom at Lane's home before opening a small office just two blocks from UT's main campus in a remodeled grocery store in 1960. Lane's relaxed management techniques and the novelty of a scientist being an adept businessman were the subject of a *Texas Business & Industry* article in 1969. The article marveled at Lane, whom it referred to as the "new breed" of businessman, "a man of science and a man of business, a man of action, on the move in a dynamic business world." His transition from university research scientist to businessman was uncomplicated by traditional management training. Instead, Lane adopted management skills that better fit the human-centered scientific mode of production. "There's a real knack to managing the output of scientists without appearing to manage them," Lane claimed, which to him was the key to running a successful research and development laboratory because people were the key form of capital. "Science is our business and *people* are our main assets – really our *only* asset, in dealing, as we are, in advanced technologies."<sup>64</sup>

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<sup>64</sup> N.A., "The New Breed: Richard Lane," "TRACOR: Annual Report, 1965,"/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas.

TRACOR's emphasis on human capital was certainly an attractive feature for potential high technology laborers, and its commitment to UT graduates and to expanding Austin's market for those laborers did not go unnoticed by Austin's growth promoters. Promotional articles focused on the cleanliness of TRACOR's industrial manufacturing and research, and also on the company's fit for Austin due to the academic, non-industrial, and non-hierarchical modes of production employed by the company. They also focused on TRACOR's diversification into myriad projects with dozens of different, constantly changing aims. The curious, eclectic lifestyle afforded to TRACOR's laborers was also a selling point for the company and the city. Most of TRACOR's researchers had active academic lives while working for the company. In November 1964, for example, one employee was giving a paper in Rotterdam, three physicists were writing a textbook on gas flow, one employee was preparing the keynote address for the American Mathematical Society conference in New York, two employees were contracting out work with an architect on acoustical designs for a recital hall, and dozens of other projects were underway. The focus was on the diversity and variety of work, but articles on TRACOR also reflected the image of constant stimulation, of a work environment that encouraged curiosity, direct links with evolving academic knowledge, and above all active and sustained creativity made possible by a mode of production that emphasized freedom. These images were interwoven skillfully with general discourse about Austin's work environment, where the workday was portrayed as anything but monotonous for skilled workers.<sup>65</sup>

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<sup>65</sup> N.A., "TRACOR . . . Diversified Brain Trust," *Austin in Action* (November 1964); N.A., "Growing

Lane understood TRACOR's immediate economic benefits to Austin through increasing payrolls and prestige during the 1960s, but more importantly he viewed TRACOR as a new paradigm for Austin's urban and business growth. Instead of focusing solely on attracting capital investments from more established industrial regions, Lane encouraged the city, the university, and the state to work together to foster internal growth in the TRACOR mold. Lane was well aware of the successful high technology models already developing near Palo Alto and outside of Boston. These young agglomerations both matriculated out of federally-supported university engineering departments and were initially funded largely by defense contracts. Local spinoffs, along with the startup capital generated by federal contracts, are what drove early economic growth and geographic clustering in those regions. From there, growth would be what Lane called "self-generating," and smaller companies could build up rapidly, feed off one another, and keep momentum going by creating an "entrepreneurial atmosphere." The function of universities and cities would be to facilitate this atmosphere. Like good managers, cities would provide the infrastructure and freedom, especially economic freedom, to nurture new businesses. The university would function in its traditional role of educating and communicating with private researchers, but also hold symposia, create adjunct positions for technology workers, and generally stimulate creativity in scientists.<sup>66</sup>

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Research Activity 'Catches On' Here," *Austin in Action* 3.5 (October, 1961).

<sup>66</sup> Richard Lane, "How are Chances? For a Booming Scientific Complex Here?" *Austin in Action* (April, 1965).

One aspect that Lane did not mention, but that deserves to be addressed, is the relatively minor capital outlays required to engender most research and development work, particularly for small companies. Unlike larger forms of industry that rely on automation, heavy manufacturing, or processing for production, research and development work relies primarily on human capital. In the case of TRACOR, the first laborers were already employed in relatively stable, high paying jobs by the university, which provided the company with a low risk, high reward situation. This also allowed initial capital outlays to be extremely small. Although an industrial park was considered essential to attracting smaller scientific startups, that type of capital investment was not necessary for many smaller, mobile, and flexible outfits which made up the early core of Austin's technological agglomeration.

TRACOR's success through the 1960s was spectacular, largely due to a focus on developing very specific types of knowledge and focusing on niche markets, a tactic developed by Lane and then improved upon by Frank McBee, TRACOR's second president who took over in 1970. Between 1963 and 1967 the company's total revenue increased from \$3.7 million to over \$38 million, over 1000 percent in just four years. In the mid-1960s the company began to diversify in both its products and services and by acquiring other smaller companies throughout the United States. By 1967, sixty percent of TRACOR's revenues came from manufacturing scientific instruments, many of which were developed by TRACOR personnel. Their clientele was largely international; by 1965 the company was selling its VFL receivers to universities and other research groups

on six continents as part of a worldwide research program studying long range low frequency radio waves. By 1967 TRACOR was easily the largest private employer in Austin as well, with 1,531 workers. After a minor setback in 1970, TRACOR once again showed high levels of profitability through the 1970s. By 1981 the company had grown to over \$370 million in sales, again increasing revenue by nearly 1,000 percent since 1967. In 1975 TRACOR became Austin's first company to be traded publicly, and the company's income grew by an average of 31 percent every year between 1976 and 1981.<sup>67</sup>

Business analysts attributed TRACOR's success to its focus on niche markets and diversification, which ultimately created 20 TRACOR spinoff companies by the 1980s. TRACOR's basic strategy was to attract University of Texas engineering graduates in particular areas where gaps in the market had been identified and exploit those gaps by focusing research and production on them. This project-oriented mode of production was highly flexible, obviously, yet TRACOR generally found niches in fields where it already had expertise and experience, particularly in acoustics, chromatography, aerospace, and eventually microprocessors.<sup>68</sup> The focus on niche markets also made TRACOR a

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<sup>67</sup> "TRACOR Annual Report, 1964"/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas; "TRACOR Annual Report, 1965"/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas; "TRACOR Annual Report, 1967" /Vertical File, "TRACOR"/Briscoe Center for American History, Austin, Texas; Scott Armstrong, "McBee of TRACOR Riding High in High-Tech Saddle," *Christian Science Monitor*, March 31, 1982/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>68</sup> TRACOR's most consistent and dependable field was acoustics, which was also the focus of the Applied Research Laboratory at the University of Texas, by far the highest funded lab at the school.

company that was never attached to any specific type of product or service, which led to a large amount of spinoff companies that sought more consistent work in various subfields than TRACOR could offer. By 1989, seven of the twenty TRACOR spinoffs in Austin employed between 70 and 700 people, and the University of Texas's IC2 Institute estimated that over 5,000 Austin workers were employed by companies that were related to TRACOR. Austin's largest software company at the time, Continuum, was a TRACOR spinoff, as was the Texas Research Institute, a high tech development company. The diversity of companies engendered by TRACOR spoke to the company's flexibility and open ended approach to high tech industry.<sup>69</sup>

While TRACOR's and other Austin startups' success was facilitated by the University of Texas's dedication to sponsored research and the growing coordination between the university and small businesses in Austin, the chamber of commerce and the city council were supporting new links between academia and business as well as developing new, more integrated plans to attract non-local forms of capital. This two-pronged growth strategy focused around the university, which provided attractive knowledge capital, space, and research experience for potential startups and companies or their divisions looking to relocate or expand. The university undertook a number of studies during the 1950s and 1960s which positioned Austin as the premiere research and high technology city in the Southwestern United States, and also began to actively build

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<sup>69</sup> Armstrong, "McBee of TRACOR;" Kyle Pope, "Many Firms Trace Roots to TRACOR," *Austin American Statesman*, November 13, 1989/Vertical File, "TRACOR"/Dolph Briscoe Center for American History, Austin, Texas.



up capital expressly to attract technology businesses. The first issue of *Austin in Action* included a Bureau of Business Research survey and quotes from multiple University of Texas professors, including J. Neils Thompson, who was then the Austin Chamber of Commerce Economic Development Vice President, extolling Austin's technological prowess. The city had both the fundamental resources and the atmosphere of creativity and leisure to attract scientists and engineers. Austin was also beginning an aggressive, national marketing campaign aimed at the kinds of businesses and individuals the city was attempting to attract. In 1964 and 1965 The City of Austin ran fifty-three advertisements in publications like *The Wall Street Journal*, *Time*, and *US News and World Report* extolling the business climate, recreational opportunities, and intellectual atmosphere available in Central Texas. Unlike the advertisements run in regional publications in the early 1950s, these magazines were decidedly national in scope.<sup>70</sup>

One of the most important changes implemented at the university was an initiative created by President Logan Wilson in the late 1950s. Wilson began using income from the Permanent University Fund (PUF), most of which came from oil rights in West Texas, to attract professors and researchers and to provide for research facilities on campus. Previously, the PUF was used primarily for physical improvements to the campus, particularly for new buildings. Logan's change redirected university funds into human capital and facilities for research, indicating a shift in emphasis from the grandeur

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<sup>70</sup> For studies of Austin's potential as a site for research and development see *Austin in Action*, 1.1 (June, 1959) which includes a list of reasons why Austin was the most suited for research-oriented industry of any city in Texas.

of buildings to the profit potential of university research labor. Increasingly talented individuals and the spaces that facilitated their work attracted students, and particularly graduate students in engineering and science, to the university. Logan also laid out a 10 Year Development Plan for UT, which focused on the relationship between the university and business in the State of Texas. Over the decade of the 1960s, Logan indicated UT would inject over \$20 million into their engineering programs as part of the development program, providing for endowed positions, non-academic research positions, and facilities, a clear statement of the growing importance of engineering and related businesses at UT.<sup>71</sup>

Following the lead of Logan and Thompson, the university and the city began the most intense efforts to date to create mutually beneficial programs and growth strategies during the late 1950s and early 1960s. Much of this effort manifested itself in new university programs designed to provide services for local businesses, particularly continuing education. In 1959 the university and chamber of commerce created two new programs to strengthen ties between the business community and university professionals. The first was the Faculty Participation Program, where faculty members were encouraged to support industrial expansion through their scholarly research. The groups also created the Austin Institute for Business Management within the university's Division of Extension. The institute's primary function was to create graduate level

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<sup>71</sup> N.A., "Great Academic Stature at UT Blueprinted for 1970," *Austin in Action*, 3.4 (September, 1961); For Austin marketing campaign, see N.A., "Big Campaign Beckons Business," *Austin in Action* (April, 1965).

courses for business executives to take in the evenings, but it also served as a “think factory,” a term popular in Austin at the time, where university faculty and private businessmen could discuss management and economic issues. There was also plenty of dialogue between the university and politicians regarding engineering-oriented conferences that would be beneficial to researchers and associated businesses. Early in 1959 Austin hosted the Institute of Radio Engineers conference on solid state circuits. In late 1958 Joe E. Armstrong, Chairman of the DRL, wrote to Mayor Tom Miller encouraging Miller to attract a conference on semiconductors to Austin in the near future. Unfortunately Miller passed away before the semiconductor conference could be realized, but Austin did host the related Southwest Universities Computer Organization Conference in 1962. This conference was held in conjunction with the grand opening of UT’s new Computation Center, which housed the university’s supercomputer. The keynote address was given by a Stanford mathematics professor, appropriately entitled “The Educational Implications of the Computer Revolution.”<sup>72</sup>

From World War Two into the mid-1960s, Austin business and academic communities were increasingly tied together through jointly conceived programs, symposia, reports, and research spaces. But more so they were tied together by technology-driven growth ideologies that focused on attracting and engendering very

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<sup>72</sup> For New programs, see NT, *Austin in Action*, 1.10 (March 1960); For Conferences, see “Tom Miller to Mr. J.J. Suran,” December 3, 1958/Folder, “Miller, Robert Thomas, Corr. July-December 1958”/Box FP F.10B/ Mayors, Austin Miller, Robert Thomas/Austin History Center, Austin, Texas; “Joe E. Armstrong to Honorable Tom Miller,” December 3, 1958/ Folder, “Miller, Robert Thomas, Corr. July-December 1958”/Box FP F.10B/ Mayors, Austin Miller, Robert Thomas/Austin History Center, Austin, Texas; “Electronic Computers to be Viewed,” *Austin in Action* 3.11 (April, 1962).

specific types of knowledge capital. The seeds of growth were planted by Austin businessmen and political leaders during and directly after the war when they realized that Austin was being drawn into a competitive urban marketplace; with the precipitous decline in agricultural labor, it became clear that Austin needed to create new economic engines for growth. As time passed the focus of Austin's industry, "industry without smokestacks" fueled by "a laboring class of cultured intellectuals,"<sup>73</sup> became the obvious choice for Austin's development, rather than the dirty industry and masses of unskilled laborers that seemed to define traditional modes of urban production. By the 1960s the technological vision of Austin was largely defined by the relationship between the university's engineering and business research apparatus, the city, and the growing private technological agglomeration demonstrated by TRACOR's rise and the relocation of IBM's branch plant in 1967, followed shortly by Texas Instruments's move to Austin in 1969. Still, it is important to note that this early period in Austin's growth as technopolis was crucial more as a planning stage than as the outcome of a mature, coordinated, or diversified technology economy. Much of the city's growth during the period was largely as due to its location, as the benefactor of educational and governmental surplus of Texas, which as a state was experiencing large levels of demographic and economic growth in the decades after World War Two. Because of its institutional designation as center of state government and higher education, Texas's growth ensured some growth in Austin because of a larger government, more university

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<sup>73</sup> These phrases are taken from an anonymous businessman. "Industrial Park Area Discussed for Austin," *Austin in Action* 2.5 (October, 1960).

students, and their surplus spending in Austin's businesses. But Austin's growth must also be viewed as a long, historical process that took decades to reach maturation rather than a change that manifest itself solely in the attraction of a few key companies in the 1980s. Viewed through the longer lens, it is clear that Austin's chosen growth path, leading sectors of production, and focus on intellectual labor and knowledge-based industries were a product of increasingly refined academic and business ideologies that took hold in the 1950s and 1960s. More simply, the university's central role in Austin's economic landscape and its ability to generate a technological agglomeration were defined during this early period and then greatly expanded by an influx of business-related infrastructure and ideology in the 1980s (Chapter Four).

From a more regional perspective, Austin was clearly a benefactor of widespread growth in the Sunbelt and in Texas, both demographically and economically, and must be considered part of that regional shift that has been occurring since at least 1945. But this chapter has demonstrated that Austin also formed a particular local market niche by focusing its resources on developing and attracting technological industries and growing the university using a variety of business models and concentrating on the two-pronged magnet of knowledge work and quality of life, which both differentiated Austin from other areas of the Southwest and gave the city specific advantages over other areas. As we will see in Chapter Four, the University of Texas increasingly developed advanced business models for its own growth at an intensified pace; by the 1980s it reached maturation under the direction of George Kozmetsky, Dean of the Graduate School of

Business, and was again the key institution in Austin's more diversified technological growth during the 1980s and 1990s.

Nationally, by the 1960s important trends had emerged for Austin's economic identity. The first was the region's growing similarity to other high tech agglomerations, particularly Silicon Valley in California and the complex known as Route 128 outside of Boston, affiliated with engineering giants Stanford University and MIT, respectively, and the undisputed leaders in technology commercialization. Although Austin was still far behind the two powerful and growing regions in the 1960s, it was clear that the growth models that undergirded their success also provided a template for the growth of UT and Austin. Austin politicians and businessmen and university leaders wisely sought to exploit the competitive advantages that the university obviously gave to the city. Once again, an aversion to typical "urban" modes of production defined Austin's rhetoric of growth. Secondly, and probably most importantly, the knowledge that urban and regional competition for capital was escalating after World War Two was nearly ubiquitous in Austin. Unlike most industrialized cities, the central facet of growth in Austin was understood as largely a matter of aggressively attracting capital and creating both institutions and rhetoric that emphasized Austin's advantages. This competitive ethos also demonstrates that urban competition significantly predates the period associated with deindustrialization in the 1970s and 1980s. Of equal importance is the University of Texas's similar awareness that competition for talented researchers, academics, and administrators was likewise increasing rapidly, especially considering the amount of

federal dollars flooding universities capable of producing defense-oriented research after World War Two. University officials increasingly understood the primacy of scientific research and creating spaces and programs that facilitated that research. By 1960 the university and the city saw their respective situations as extremely competitive, and both understood that cooperation with the other would likely be mutually beneficial for economic growth. Unlike in Silicon Valley, the university was thus tied to a singular municipality, their futures almost certainly intertwined.<sup>74</sup>

Third, led by the BRC and other research laboratories at the university, the dominant mode of production that emerged in Austin emphasized freedom, creativity, and stimulation for skilled knowledge workers. Austin businesses increasingly focused on very skilled, specialized human capital, and the city likewise focused on engendering and promoting those types of business during a period generally associated with heavy levels of fordist style industrial production in the United States. Austin's flexible organization and mode of production has important ramifications for debates on deindustrialization and ultimately on the nature of American capitalism. Rather than intensified business competition brought on by globalization, neoliberalism and intensified private accumulation, more flexible organizational structures appear here to be much more associated with the creative, human-focused nature of scientific laboratory and research work that had its origins during World War Two and matured in scientific

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<sup>74</sup> For university competitiveness, see Dorothy Blodgett, "Strong Graduate, Research Program at UT Could Be Magnet For Technological Payrolls," *Austin in Action* 2.4 (September, 1960).

industries after the war. This model helps us understand the incredible dynamism and the trend towards commodification inherent in modern capitalism. Even during periods of significant economic expansion defined by high levels of industrial surplus, an intense and flourishing real estate market, and almost unchecked demographic growth, scientific knowledge was increasingly commodified and labor relations were evolving to produce this knowledge more efficiently and for higher profit. Monetization of scientific knowledge does not occur in only one regime of accumulation; most likely it has simply evolved along with capitalism over the last three centuries. Much of this production was also facilitated by federal investment, not by a crisis in traditional modes of industrial production as has been suggested by numerous scholars.

Finally, while the University of Texas and its talent and amenities made Austin the obvious choice for a regional university-industrial scientific complex, it is equally important to think about what Austin lacked when assessing its growth. Austin of course lacked the dilapidated, dirty infrastructure increasingly associated with urban blight and overindustrialization in more dense, more industrialized urban areas. Using a particular section of the landscape to segregate urban elements away from the city's social and economic centers as well as the pristine environment was important in this case. While the city had a good deal of substandard housing in the 1960s, institutional segregation conveniently clustered those homes in areas that were not near most of Austin's middle class residences, its growing private firms, or the university. Urban renewal successfully cleared and rebuilt undesirable areas adjacent to the university. As UT's prestige and



power grew, regents worked in consort with the city to simultaneously expand the campus and remove blighted areas from its perimeter. Austin also lacked the large unskilled labor force characteristic of many larger cities in the postwar U.S., and it actively sought to keep industries that attracted unskilled laborers out of the city; Austin was also immune to most industrial downturns that affected many larger cities because of the guaranteed investment and mitigated risk provided by the university. It was this strategy, along with heavy levels of residential segregation that allowed *Austin in Action* to boldly claim that Austin “is primarily a city of upper middle-class citizens” in an article that documented the city’s attractive features in 1964. The piece went on to quote an article from *Industrial Development* at length

Austin can concentrate on offering the specialized facilities of an intellectual center without having to duplicate within its own limits the service functions of a large city or the large scale facilities of a heavy fabrication center. . . . This gives the city the opportunity to build up its amenities and retain the small-city convenience and flexibility that might well be lost if it were trying to push its way to the fore as an all purpose metropolitan center in its own right.

Clearly the perception that Austin was not really a city, without the major problems manifesting themselves in many American cities throughout the 1960s, was seen as a very attractive feature by Austin’s growth advocates and presumably by the “laboring class of cultured intellectuals” they wished to attract. The idea that Austin filled a market niche, as upper class, clean, and industrial only in the sense of being economically vibrant, was the one sold to businesses. In Chapter Three we will see that this was not

exactly the case, as Austin's history of institutional segregation and discrimination combined with widespread growth led to social upheavals by the 1970s.<sup>75</sup>

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<sup>75</sup> N.A., "For New Business, New Residents, What do we have to Offer?" *Austin in Action* (November, 1964).

### **Chapter Three: Natural City: The Unresolved Dialectic of Race, Economy, and Environment in Austin, 1955-1975**

*“Thinking east is pretty new to most environmentalists in Austin. . . . [Thinking east] simply requires an expansion in thinking about ‘the environment,’ and how protecting ‘the environment’ defines people as Austinites, how it defines the city as a place. The river is the same above and below the dam, after all. Should we not create a river there as wonderful as the one we have here, a river people can swim and boat in?” (2010)<sup>1</sup>*

On the eve of 1970 *Time* magazine ran a cover story featuring economist Milton Friedman on the cover, with the caption, “Will There Be a Recession?”<sup>2</sup> and effectively introduced the new neoliberal rationale to Americans. *Time*’s question, unfortunately, correctly envisaged a troubled period for the United States, as the 1970s ushered in severe economic problems. As the turbulent 1960s drew to a close, so too did the massive postwar boom fueled by suburbanization, the military-industrial-academic complex, and the Keynesian economics of mass consumption supported by high employment and high wages. For many Northern and Midwestern cities, the recessions of 1969 and 1970 and, more importantly, 1973 to 1975 made obvious problems that had been fomenting for some time. Thousands of manufacturing and industrial jobs were lost seemingly overnight, and an eroded tax base could not support Keynesian-style social programs or high municipal wage packages. Crime statistics reached their highest level of the twentieth century following widespread urban riots in the late 1960s and the explosion of

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<sup>1</sup> William Swearnigen, *Environmental City*, 242.

<sup>2</sup> *Time*, December 19, 1969.

urban gangs. New York City was only able to escape bankruptcy by offering the city's teacher union pension as collateral for a federal bailout loan in 1975.

Concomitant with this troubled period for older U.S. cities was the steady rise of the Sunbelt, which has been documented and analyzed by a number of scholars.<sup>3</sup> A number of arguments have been extended to explain the demographic and economic shift from the Midwest and Northeast to the South and West after World War Two. Federal investment in infrastructure and later defense created an economic advantage for the South; business-oriented elites and politicians drew investment to the South, often using a “friendly business climate,” low taxes, lower wages and anti-union incentives for businesses, and other perks; technological developments like commercial air travel, air conditioning, and an increase in roads made living in the South more attractive. Austin's existing natural landscape, infrastructure, and particularly stable economy, mixed with the burgeoning business incentives and low cost of living emerging throughout the South and West, provided an increasingly attractive and unique destination for startup technology companies, relocating or expanding businesses from the North and East, and federal and private investment.

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<sup>3</sup> See, for example, Janet Rothenberg Pack, ed. *Sunbelt/Frostbelt: Public Policies and Market Forces in Metropolitan Development* (Washington DC: Brookings Institute Press, 2005); Bruce Shulman, *From Cotton Belt to Sunbelt: Federal Policy, Economic Development, and the Transformation of the South, 1938-1980* (New York: Oxford University Press, 1991); Raymond A. Mohl, ed. *Searching for the Sunbelt: Historical Perspectives on a Region* (Knoxville: University of Tennessee Press, 1990); Thomas A. Lyson, *Two Sides to the Sunbelt: The Growing Divergence Between the Rural and Urban South* (New York: Praeger, 1989); David C. Perry and Alfred J. Watkins, eds., *The Rise of Sunbelt Cities* (Beverly Hills: Sage Publications, 1977); Carl Abbott, *The New Urban America: Growth and Politics in Sunbelt Cities* (Chapel Hill: University of North Carolina Press, 1987).

In the two decades between 1960 and 1980, Austin's economy underwent major changes that nearly doubled the city's population and increased its geographic size by over fifty percent. While the city grew rapidly starting roughly at the end of World War Two throughout the 1950s, widespread urbanization did not really begin until the following two decades. Although the state government and the University of Texas continued to dominate the landscape, both in terms of the economy and downtown geography, the 1960s and 1970s were also characterized by nascent growth initiated by smaller indigenous firms, the arrival of the first large branches of technology companies in the late 1960s and 1970s, and the flowering of Austin's music and cultural scenes during roughly the same period.<sup>4</sup> These new, mid-sized economic engines, and the rapid growth of the University of Texas and the Texas state government as baby boomers came of age, engendered Austin's rapid urbanization and created a set of new problems for the city. By the late 1960s, it was becoming increasingly clear to Austinites, from the city council to the new neighborhood associations, that Austin was going through the early stages of widespread urbanization the likes of which the city had never seen. A growing city demanded intensified scrutiny from city planners as the city expanded along with the road system, traffic congestion, and utility lines. Groups of environmentalists, taking their cues from growing national movements for conservation and against pollution, began mobilizing against unchecked development in Austin by the early 1970s. In response to growth issues, both the City of Austin and grassroots activists and

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<sup>4</sup> Orum, *Power, Money, and the People*; Shank, *Dissonant Identities*.

neighborhood groups self-consciously sought to organize and control development based on myriad interests. Institutionally, the 1970s in Austin were marked by a sharp spike in attempts to quantify and map urban data; the city and the university undertook many studies and initiated many programs whose purpose was to document and analyze the urbanization process to ultimately create a planned, rational city. For most grassroots groups, curbing growth and stemming the economic machinations of Austin's major growth advocates was paramount. Battles over the way that new urban spaces would be produced, and old ones appropriated, dominated urban planning discourses in Austin, not only in the planning department but among growing neighborhood, activist, and environmental groups as well.<sup>5</sup>

This chapter looks at the urban planning initiative called Austin Tomorrow, carried out by the city from 1973 through 1975, as a means of reconceptualizing the idea of urban sustainability. This democratic, egalitarian urban planning concept was designed to reflect the city's collective will in its recommendations by opening discussion to all residents and creating policies based on citizen recommendations. The plan that was ultimately produced in 1979, largely under the direction of white neighborhood and environmental activists, attempted to control growth and mitigate the effects of development on the pristine environment in Austin's western hills as well as in the myriad middle class neighborhoods of west and northwest Austin. What the plan did not recognize, however, was the institutionalized and growing chasm between white West

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<sup>5</sup> Swearingen, Jr., *Environmental City*, particularly 35-103.

Austin and minority East Austin; the plan represents the beginning of Austin's progressive trajectory that emphasized conserving the environment at the expense of the urban in Austin, which included minority residents forcibly segregated in the "urban" area of the city. I argue that Austin's identity as a pastoral city, as well as the sense of place derived from the city's natural environment, were simultaneously fractured by race. Cut off from the centers of economic well-being, civic pride, and environmental meaning in Austin, as well as avenues of collective consumption such as integrated public schools and housing, minorities segregated on the Eastside had very different agendas for urban planning initiatives than did West Austin environmentalists. These agendas went largely unaddressed by Westside environmentalists, who were trained by history and geography to not consider the Eastside as part of Austin's bucolic imaginary – rather the Eastside was the receptacle for the industry and dilapidation that did not fit that bucolic image.

Understanding the battle for urban spatial production, or the lack thereof, in Austin necessitates an understanding of urban political theory. It is tempting to view the city's land use and environmental issues as well as social issues like housing and transportation as purely political battles between urban growth coalitions on the one hand and progressive grassroots groups who challenge economic growth in the interests of private capital on the other, and in some ways that is the case here.<sup>6</sup> Urban growth

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<sup>6</sup> For urban growth machine (or local growth machine) see Harvey Molotch, "The City as Growth Machine: Towards a Political Economy of Place," *American Journal of Sociology*, 82.2 (Sept., 1976): 309-332; and Harvey Molotch and John R. Logan, *Urban Fortunes: The Political Economy of Place* (Berkeley: University of California Press, 1987). Numerous urban political theories begin with Molotch.

coalitions are groups of powerful capitalists and urban politicians who are interested in urban growth for either private profit, usually in the form of increased property values or new real estate investment opportunities, or increased tax revenue resulting from new businesses, real estate appreciation, and the geographic extension of municipal boundaries. This is the approach implemented by William Swearingen in *Environmental City*, which locates Austin's grassroots environmental and planning movements as progressive, pluralistic coalitions in opposition to urban growth coalitions. Austin business and real estate interests that sought to benefit from growth supported less regulated and faster growth than did slow and no growth advocates who viewed increased business as a threat to Austin's natural landscape as well as its quality of life.<sup>7</sup>

Swearingen thus outlines a political battle between elite political and commercial interests and coalitions that represent the interests of average Austin citizens. Numerous city council meetings, planning commissions, public interest groups, and neighborhood coalitions viewed battles for development in these terms.

But this theoretical approach has limitations. First, Swearingen, following Molotch, conceptualizes each side of his growth/no growth binary as relatively static, with little room for changes in either coalition. Growth coalitions, for example, are characterized by an unchanging, somewhat amorphous group who seeks growth at any cost. Typically this is not the case, as factors other than purely economic benefits must be

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*Environmental City* uses this basic dichotomy in creating its narrative: city politics are cast as a growth machine vs. environmentalist grassroots activist battle for shaping land use in Austin.

<sup>7</sup> Swearingen, *Environmental City*.



addressed when analyzing growth coalitions. Also, growth coalitions are not always made up of the same actors, as different types of growth and different geographic locations favor specific actors. The same is true of grassroots anti-growth and slow growth coalitions. Each specific group has interests that are aimed at specific issues in specific places. Austin neighborhood associations in the 1970s, for example, were almost exclusively interested in maintaining quality of life in their neighborhoods, which meant that they focused primarily on land use issues that affected their areas. Similarly, environmental activists usually sought particular changes that were not necessarily in consort with other environmental groups; nor were their tactics the same. Most troubling is the assertion that these disparate groups represent the collective will of Austin citizens. Like urban growth coalitions, grassroots groups are constantly in flux depending on issues and geography, and are often times at odds with one another. In Austin, the fractures among “ordinary citizens” were prevalent in particular issues, but more importantly they become clear when categories like race and class are introduced. Swearingen, like many analysts of environmental movements, is unable to locate issues of class and race (and to a lesser extent gender) as important factors in adequately addressing the needs of citizens from a planning standpoint.

As Manuel Castells argues, it is possible, and often has been the case, that “classless” cultural or social groups emerge to challenge dominant capitalist paradigms in cities, usually in arenas that only tangentially relate to class. His empirically-based theory, majestically outlined in *The City and the Grassroots*, finds that widespread urban

social movements often eschew class but are still successful at promoting particular agendas. Again, it is tempting to view these interest groups as working in anti-capitalist, democratic functions that ostensibly enhance the power of the people and make their lives better. According to Castells, a consciously collective group producing qualitative change in local systems, culture, or political institutions in contradiction to dominant interest groups is the hallmark of successful grassroots action.<sup>8</sup> While Castells is of course correct, when applied to race and class in Austin the issues of representation and agency remain elusive in his formulation.

Given these limitations, it makes sense to implement a theoretical framework that can account for much more fluidity and divisiveness than the binary approach employed by Swearingen or Castells's classless sense of resistance. Instead, grassroots groups must be viewed as fluid, and class and race must be viewed as fracturing elements that keep grassroots movements from realizing their full potential. For this purpose I turn to regime theory, one of the central theories that attempts to assess municipal politics among urban political theorists. Regime theory enhances and refines Molotch's growth machine thesis by presupposing fluidity within urban politics and economics where actors and coalitions may become hegemonic for short periods or in relation to specific issues, but they rarely maintain power indefinitely nor does their composition remain static. The same situation holds true for all actors on the municipal political stage. While often

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<sup>8</sup> Manuel Castells, *The City and the Grassroots: A Cross-Cultural Theory of Urban Social Movements* (Berkeley: University of California Press, 1983), 278.

economic growth drives power and development, at certain times more political and social functions win out. Furthermore, municipal governments do not always attempt to act in the interests of the city's business elite; rather they often try to implement policies that reflect a broad image of what political leaders and citizens want the city to be. For example, a city might mobilize its "public capital," the city's available developmental capital, whether economic, human, or natural, in an effort to package or reestablish itself in a particular image.<sup>9</sup> In the case of Austin in the 1970s and 1980s, city planners were often willing to explore methods of extremely democratic image creation and city planning that ostensibly reflected the visions and desires of the citizens, but they had no method for establishing a collective identity across class and race lines. The city's bifurcated racial geography exacerbated race and class divisions.

Regime theory also allows urban scholars to take into account economic and social geography when thinking about development, as well as the related issues of race and class difference. In a city like Austin, long institutionally segregated by race into distinct white, African American, and Latino neighborhoods that were not at all integrated in the early 1970s, neighborhoods had vastly different and often times adversarial developmental interests. Central Eastside residents, almost exclusively African American and Latino, focused on the implementation of basic municipal

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<sup>9</sup> Michael A. Pagnano and Ann O'M. Bowman, *Cityscapes and Capital: The Politics of Urban Development* (Baltimore: Johns Hopkins Press, 1995); Paul Peterson, *City Limits* (Chicago: University of Chicago Press, 1981); Christopher Leo, "City Politics in an Era of Globalization" in Mickey Lauria, ed., *Reconstructing Urban Regime Theory: Regulating Urban Politics in a Global Economy* (Thousand Oaks, CA: Sage Publications, 1997): 77-98.

services, economic uplift, and health concerns. Equally as important was a history devoid of collective consumption, where Eastside residents had entirely different experiences from Westside residents in terms of schooling, transportation, civic and political participation, and economic opportunity. Hence, minorities rarely participated in Anglo citizen planning efforts or in grassroots social groups because these groups did not reflect the pressing interests of their communities or a history of inclusion. Many could not vote through the 1960s. In the Austin Tomorrow campaign, efforts to attract minority participation on the part of city planners usually fell on deaf ears because many Eastside residents felt that the city would not listen to them even if they did participate. Many minorities were acutely aware of the structures of oppression that were used to segregate them and they correctly hesitated to follow municipal prescriptions for their growth. Because it broke the city down into already existing neighborhoods, Austin Tomorrow did not encourage multiracial or cross class participation; it rather reinforced the existing segregated geography of the city.

### **Regimes of Accumulation: Growing the Creative City in the 1960s**

As discussed in Chapter Two, during the 1950s and 1960s Austin's economy blossomed based on the rapid growth of Texas, leading to a more robust state government apparatus which created more surplus in Austin; a sharp rise in the University of Texas enrollment, research funding, and Permanent University Fund investment, which created a similar surplus both within the university and through student expenditures off campus; a nascent industrial apparatus which included numerous small and medium indigenous research

companies and by the late 1960s some prominent corporate relocations, most notable IBM and Texas Instruments; and a growing tourist and conference industry attracted to Austin's natural landscape and cultural apparatus. This growth was supported by political and business discourses which validated development in the "industry without smokestacks" mold: research, development, and light electronics manufacturing that Austin growth advocates felt were consistent with the city's institutional, bucolic character. An array of demographic changes, as well as new developmental pressures in the central city and on the urban periphery, prompted Austin's new planning commission into action by the late 1960s. Over the next decade, the city entered into an intense phase of self-appraisal by collecting and analyzing an array of demographic, economic, and social data with the intent of developing the best city possible as Austin grew. The myriad reports and news stories pertaining to growth also left a record of the city's developing regime of accumulation.

Like much of the Sunbelt, Austin's economic and demographic growth throughout the 1950s was brisk, consistent with other Texas cities.<sup>10</sup> In the 1960s, however Austin began to demonstrate growth patterns that outstripped the region. In 1965, *U.S. News and World Report* listed Austin as one of the fourteen most desirable cities in which to live, based largely on its non-urban qualities such as public parks and schools. The city quickly began incorporating the honor into its marketing discourse. In

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<sup>10</sup> See, for example, Vic Mathias, "Should Our Growth Continue?" *Austin in Action* 2.8 (January, 1961): 14-17; Austin Department of Planning, "Basic Data about Austin and Travis County," (Report, 1955)/Vertical File, "Austin, Texas – City Planning (I)"/Briscoe Center for American History, Austin, Texas.

1967, the Bureau of Labor Statistics ranked Austin as the least expensive metropolitan area in the U.S. By 1967 Austin had also moved ahead of the oil refining region Beaumont-Port Arthur as Texas's fifth largest economy. The de facto local investment provided by the university and state and government kept Austin's unemployment among the lowest in Texas during the 1950s and 1960s.<sup>11</sup>

1970 Census data provided the impetus for revision of the City Plan, and Phase I of Austin Tomorrow consisted of compiling and analyzing the data, although the commission had been gathering data for some time. Rapid demographic, socioeconomic, and spatial changes were immediately apparent. Largely as a result of in migration following gains in manufacturing, information technology, and especially university and government jobs, Austin's population growth, physical growth, and consumption patterns changed the city's landscape precipitously during the 1960s. In Travis County, population growth was a robust thirty-nine percent (from 212,000 to 296,000 residents, over 83,000 people) between 1959 and 1969 (the national average was seventeen percent); close to eighty-five percent of Travis County residents lived in Austin proper in 1975. Incredibly, in 1973 over half of Travis County's population did not live in the area in 1963. The city was also getting bigger geographically. Between 1960 and 1973 Austin

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<sup>11</sup> N.A., "Centex Economy Soars in State's Biggest Jump," *Austin Statesman*, July 25, 1968/ Folder, "General Texas Austin 1968"/ Box 95-112-203/Papers of J.J. Pickle/Briscoe Center for American History, Austin, Texas.

almost doubled in size, from roughly fifty to ninety square miles as population expanded out of the central city and into new residential developments near the urban periphery.<sup>12</sup>

With the population increase came an equally dramatic rise in income and employment: between 1959 and 1969 Austin's per capita income rose by forty-one percent and family income rose even further from \$5,795 to \$8,459, an increase of forty-six percent. The number of total jobs in Austin grew just as sharply: from 79,000 in 1959 to 132,000 in 1969. Vic Mathias, Manager of the Austin Chamber of Commerce, wrote that the economy was so robust that there were "job opportunities for all who want to work" in 1969.<sup>13</sup> Throughout 1968 and 1969 Austin's unemployment rate was projected to remain below two percent, far below the Bureau of Labor Statistics's threshold for full employment.<sup>14</sup> The Federal Reserve Bank's business activity index determined Austin had the fastest growing economy in Texas in 1968 and 1969, and between 1968 and 1969 Austin's manufacturing sector grew by nearly twenty-four percent. Despite a minor national recession, job growth was robust and consistent in the late 1960s as well,

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<sup>12</sup> "Goal Area: Economics," "Goal Area: Population," "Goal Area: Transportation," "Goal Area: Land Use." All figures come from data gathered by the Austin Planning Department in the early 1970s as part of the initial stages of redeveloping the Austin City Plan (the latest version of the plan was adopted in 1961). (Austin Planning Department, ND)/Folder, "AF City Planning C4170 (3) Austin Tomorrow (Before 1974)"/Vertical File, "Austin Tomorrow"/Austin History Center, Austin, Texas.

<sup>13</sup> Vic Mathias, "Local Population more for Saying that Believing," *Austin Statesman*, special edition, "Austin Progress Report" February 28, 1969/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>14</sup> N.A., "Employment in Travis County Sets New Record," *Austin Statesman*, special edition, "Austin Progress Report" February 28, 1969/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas.

averaging a six percent annual increase. Between 1968 and 1969, retail sales increased seven percent in Austin, indicating major increases throughout the 1960s as well as a general increase in surplus consumption throughout the decade.<sup>15</sup> At one major bank in Austin, total available capital rose over 300 percent between 1963 and 1968, from roughly \$24 million to \$73 million, an indication of intense economic activity in the city. Between 1958 and 1968, retail sales in Travis County increased by eighty-four percent to over \$400 million, and bank deposits grew by 177 percent to \$675 million. The sharp increase in both population and personal income also had profound effects on the city's tax rolls and budget. In the four years between 1965 and 1969, Austin's city budget grew from \$47 million to \$75.5 million, an increase of nearly sixty percent.<sup>16</sup> By all statistical accounts, accumulation increased expeditiously in Austin during the 1960s and into the 1970s.<sup>17</sup>

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<sup>15</sup> N.A., "Austin's Industry Puts Capital into High Gear," *Austin Statesman*, special edition, "Austin Progress Report" February 28, 1969/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas; Chris Whitcraft, "Austin Economy Hits New Heights," *Austin American Statesman*, October 19, 1968/ Folder, "General Texas Austin 1968"/ Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas.

<sup>16</sup> N.A., "Budget, Like City, Continues to Grow," *Austin Statesman*, special edition, "Austin Progress Report" February 28, 1969/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>17</sup> N.A., "Looking forward to another record breaking year in 1969!" *Austin Statesman*, special edition, "Austin Progress Report" February 28, 1969/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas; Economic Development Fund of the Austin Chamber of Commerce, "Investors Dividend Report," n.d., report/Vertical File, "Austin, TX – Industries"/Dolph Briscoe Center for American History, Austin, Texas.



The sharp rise in income also meant a rise in disposable income, much of which was used to acquire surplus luxury goods and real estate. Many Austinites used their extra income to buy an automobile. Between 1960 and 1971, the number of motor vehicles in Austin increased by 104 percent, and the number of automobiles per household in Travis Country rose from 1.26 to 1.46, indicating that the city was increasingly dependent on cars despite a widespread expansion of city bus service in 1972. A 1972 study found that in Austin ninety-five percent of daily trips were by automobile, and that auto accidents had increased by 164 percent. Almost every neighborhood survey undertaken in Austin as part of Austin Tomorrow identified increased automobile traffic as both a safety hazard and a social concern. One of the first surveys taken was in Travis Heights, a neighborhood just south of the Colorado River. Respondents complained that they felt unsafe taking walks and spending time outside their homes, which had a deleterious effect on neighborhood and social cohesion. The Austin Tomorrow Interim Report determined that the negative effects of increased auto traffic were exacerbated by channeling traffic through subdivisions instead of around them. After the new Mueller Airport was opened in 1961, Austin was also becoming more connected to rest of the US via air travel; from 1962 to 1973, boardings at Austin Municipal Airport rose by 246 percent to roughly 600,000.<sup>18</sup>

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<sup>18</sup> “Goal Area: Economics,” “Goal Area: Population,” “Goal Area: Transportation,” “Goal Area: Land Use.” All figures come from data gathered by the Austin Planning Department in the early 1970s as part of the initial stages of redeveloping the Austin City Plan (the latest version of the plan was adopted in 1961). (Austin Planning Department, ND)/Folder, “AF City Planning C4170 (3) Austin Tomorrow (Before 1974)”/Subject File, “Austin Tomorrow”/Austin History Center, Austin, Texas. For automobile statistics,

Surplus capital generated by economic growth and relocations was also increasingly reinvested in the secondary circuit of real estate, which underwent the most intense boom of all capital investments in 1960s Austin. Although Austin was only the sixty-seventh largest U.S. city in 1968, it ranked sixteenth in value of construction permits with a total value of over \$131 million spread throughout 4,600 total permits. Both amounts broke building records set in 1967, indicating a sustained output of new construction in Austin during the decade.<sup>19</sup> Employment in the construction sector rose nineteen percent in just one year, reaching 8,000 workers in early 1968, roughly one in twenty adults living in Austin. Much of the building was generated by a large increase in the geography of government institutions surrounding the capital; between 1959 and 1968 six new buildings were built on the capital complex just north of downtown, totaling \$15.7 million.<sup>20</sup> In terms of residential building, Austin saw heavy competition for

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see Larry BeSaw, "Apartments, Autos Expand Roles in Austin's Lifestyles," *Austin American Statesman*, September 6, 1973 and Larry BeSaw, "Austin Facing Rapid Changes: Project Seeks Orderly Planning for City," *Austin American Statesman*, September 5, 1973/ Folder, "AF City Planning C4170 (3) Austin Tomorrow (Before 1974)"/Subject File, "Austin Tomorrow"/Austin History Center, Austin, Texas.

<sup>19</sup> N.A., "Austin's Industry Puts Capital into High Gear," *Austin Statesman*, special edition, "Austin Progress Report" February 28, 1969/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas; N.A., "Building Permits Breaking Records," *Austin American*, September 6, 1967/ Folder, "General Texas Austin 1968"/ Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas; N.A., "Austin Building 16<sup>th</sup> in Nation," *The Austin Home Builder*, March 7, 1968/ Folder, "General Texas Austin 1968"/ Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas.

<sup>20</sup> N.A. "Bigger Government Yields Big Austin," *Austin Statesman*, special edition, "Austin Progress Report" February 28, 1969/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas.

middle and upper income structures, but the market for families with low moderate income had “practically disappeared” according to a 1971 report.<sup>21</sup>

Austin was also decentralizing rapidly as people and retail moved away from downtown into new, single use subdivisions flanked by shopping centers. Downtown retail was quickly replaced by office space, which grew by fifty percent between 1966 and 1972. Somewhat ironically, Austin Tomorrow’s interim report of 1972 linked this concentration of employees with rush hour traffic congestion, rather than blaming low density land development or a paucity of public transportation. The burgeoning University of Texas area, just north of downtown, had the highest density in the city at twenty-two people per acre; the city as a whole had just six people per acre in its developed areas. But the lack of growth in the core was profound when compared to the rest of the city. If not for the drastic increase in university students and employees, downtown Austin would have lost population between 1960 and 1972 in the midst of explosive growth everywhere else in the city. It was obvious that Austin was expanding outward at an even faster pace than it was growing in terms of population.<sup>22</sup>

Dealing with growth in Austin was also hastened by projected growth numbers in the 1970s and 1980s, which were even more alarming than 1960s growth rates. While

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<sup>21</sup> Southern Union Gas Company, “A Study of the Housing Market,” Report, 1971/ Vertical File, “Austin, Texas – Housing and Real Estate (Travis County)”/Dolph Briscoe Center for American History, Austin, Texas.

<sup>22</sup> BeSaw, “Time Alters Shopping Patterns;” John Ferguson, “One big damn subdivision,” *Texas Observer*, November 16, 1973, 3-6.

Austin roughly doubled in size between 1952 and 1973, the 1973 Goals Area report predicted that the county would double in size again by 1993, in just twenty years, to nearly 600,000 residents. Land use patterns needed more stability, possibly through zoning measures, if Austin was going to maintain its unique sense of place, largely based on its natural environment. Without proper planning now, Planning Commissioner Dick Lillie argued as early as 1971, there would be little chance to maintain current quality of life standards in Austin. Long range plans, which took into account growth predictions, were the only possible means to secure rational physical development of the city.<sup>23</sup>

These striking changes made it obvious that immediate planning was necessary. Owed largely to infrastructural and other investments, huge demographic and economic gains in Texas and the Southwest more broadly indicated that growth in Austin would likely continue to be consistent if not intensified in the years to come. The city council and chamber of commerce, long institutional advocates of economic expansion, were poised to continue encouraging growth and attracting capital to Central Texas. Many top Austin politicians were also businessmen who reaped enormous financial benefits from growth.<sup>24</sup> University of Texas regents continued with a pro-growth policy, and baby boomers added to the university population throughout the 1960s and 1970s. The city

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<sup>23</sup> “Goal Area: Population,” “Goal Area: Land Use;” Mary M. Moody, “Time Said Right for City’s Master Plan to be Revised,” *Austin American*, April 10, 1971/ Folder, “AF City Planning C4170 (3) Austin Tomorrow (Before 1974)/ Subject File, “Austin Tomorrow” /Austin History Center, Austin Public Library, Texas.

<sup>24</sup> Former Mayor *pro tem* Louis Shanks owned a furniture store and current Mayor Roy Butler owned a car dealership. Of course home and car sales increased precipitously when population increased. See John Ferguson, “One big damn subdivision,” 5.

was also going through a period of intense cultural production surrounding music and the arts, and was enhancing its already strong reputation as a tourist and leisure destination with a burgeoning counterculture movement. Austin, home of the Armadillo World Headquarters and Willie Nelson, was the birthplace of what came to be known as the “Cosmic Cowboy,” a uniquely Texan blend of hippie and cowboy indigenous to Austin and the city’s burgeoning music scene.<sup>25</sup> But growth was not socially or geographically even in Austin.

### **Bifurcated City: The Physical and Mental Geography of Segregation**

Racial relations in Austin from the early twentieth century until the 1970s were characterized mainly by exploitation, oppression, and segregation. Austin’s 1928 Master Plan, the first planning initiative for Austin since the city’s founding in 1839, laid the foundation for the city’s subsequent growth. Prepared by the Dallas engineering firm Koch and Fowler, the master plan’s main focus was land use, through zoning, in an effort to maintain the non-industrial, non-urban qualities that characterized Austin in the city’s residential districts on the Westside. Keeping downtown and West Austin as pastoral as possible meant relocating residents and industries that did not fit the city’s desired image; thus the initial purpose of the city’s Eastside, at the time relatively integrated space, was to hide undesirable but necessary components of the city’s fabric. The master plan bluntly

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<sup>25</sup> Jason D. Mellard, “Cosmic Cowboys, Arnadillos, and Outlaws: The Cultural Politics of Texas Identity in the 1970s,” (Phd diss., University of Texas at Austin, 2009).

stated that “there has been considerable talk in Austin, as well as other cities, in regard to the race segregation problem. This problem cannot be solved under any zoning law known to us at present. Practically all attempts at such have proved unconstitutional.” At the time, according to the master plan, African Americans lived in small pockets throughout all the city’s neighborhoods, with concentrations in Wheatsville and Clarksville,<sup>26</sup> just to the northwest of downtown, and in the area just east of East Avenue adjacent to downtown. To sidestep the constitutional issues posed by institutional segregation, Koch and Fowler recommended that the city simply relocate segregated facilities, which were legal at the time, to one district and cut off facilities to minorities in all other parts of the city. Thus by locating African American schools, parks, and other municipal necessities in just one area, the segregation problem would take care of itself. Because of the existing concentration of African Americans east of East Avenue and their other zoning initiatives there, Koch and Fowler chose the area east of East Avenue as their desired location. They referred to this method of forced relocation as “an incentive to draw the negro population to this area.”<sup>27</sup>

The policy implementations were swift and effective. City records suggest that almost all African Americans were relocated to the designated Eastside location by 1932. The African American school in Wheatsville, which had been operating for sixty years,

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<sup>26</sup>Clarksville, the first colony of free African Americans in Texas, remained unincorporated by the City of Austin and almost entirely African American well into the 1970s as the city literally grew around it. Much of the neighborhood remained without municipal services well into the 1970s as well, and streets were not paved. Since then, Clarksville has gentrified and is now one of Austin’s most expensive neighborhoods.

<sup>27</sup> Koch and Fowler Consulting Engineers, “A City Plan for Austin, Texas,” (Report, 1928). Quoted on 57.

closed in 1932 as well. Although Latino segregation was not mandated in the plan, similar forces coalesced to push the vast majority of Austin's Mexican American population into the neighborhood just south of the African American one, including the City of Austin building the first public housing units in the U.S., Santa Rita Courts, which housed only Latinos. Latinos did, however, remain more dispersed throughout areas in South Austin and on the outskirts of the city, but very few lived in white West Austin. Additionally, the city cut African Americans and increasingly Latinos off from the centers of Austin's collective pride and memory. The state government and the University of Texas, Austin's centers of employment, knowledge, and power, stood also as symbols of discrimination to the disenfranchised Eastside community. Barton Springs Pool, the city's recreational centerpiece and increasingly a symbol of Austin's environmental movement, remained segregated well into the 1960s, as did Austin's early system of streetcars and later buses. De facto segregation developed in shopping districts, movie theatres, and most other public areas, consistent with urban life in the American South during the Jim Crow era.<sup>28</sup>

Most accounts of African American and Latino life in Austin from the 1930s through the 1950s portray a generally positive period marked by high level of community cohesion and a relatively vigorous economic life defined by small businesses and networks of familial and neighborhood support. Despite municipal negligence in

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<sup>28</sup>Alberta Phillips, "Proof of Austin's Past is right there – in black and white," *Austin American Statesman*, November 22, 2009. <http://www.statesman.com/opinion/proof-of-austins-past-is-right-there-in-78440.html?printArticle=y>, Accessed November 26, 2009.

nearly every aspect of life, segregation brought minority communities together and kept relatively high levels of economic diversity in Eastside neighborhoods.<sup>29</sup> Yet major disparities in quality of life still existed between East and West Austin, and the Eastside was consistently subject to poorer, more dangerous living conditions, had less access to jobs and education, and was generally not considered part of mainstream economic, political, or social discourse in Austin. Aside from parks and beautification projects designed to attract tourists and businesses, the City of Austin was, like many Southern cities, reluctant to invest in managerial-type infrastructure. Amazingly, all sidewalks in Austin were privately funded until 1969. As of 1958 only forty-five percent of Austin's surface streets were paved; a higher percentage of streets were unpaved in South and East Austin where concentrations of minorities existed. Eastside residents complained in letters about dangerous conditions in their neighborhoods from dilapidated infrastructure or municipal negligence. In 1955 the sewers became so clogged in one Eastside neighborhood that sewage backed up into the street for days before the city acted. When the University of Texas let out for summer, many of the city's bus routes stopped running, which obviously had deleterious effects on residents without access to automobiles.<sup>30</sup>

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<sup>29</sup> See for example, former Austin City Council member Charles Urdy in an interview with KLRU. <http://www.klrutexas.org/austinnow/archives/gentrification/index.php>, Accessed August 31, 2011; Neighborhood restaurateur Ben Wash, interview with author, March 30, 2007, transcribed as part of the Southern Foodways Alliance "Texas Barbecue Trail: [http://www.southernbbqtrail.com/bens\\_longbranch.shtml](http://www.southernbbqtrail.com/bens_longbranch.shtml), Accessed December 2, 2010.

<sup>30</sup> "Mrs. R.H. Davidson to Mr. Tom Miller," October 4, 1955/Folder, "FPF.10 Miller, R.T. Correspondence Oct. – Dec. 1955"/Box "Miller May 1955-March 1956"/Miller (Robert Thomas) Papers/Austin History



African American and Latino residents suffered everyday forms of subtle and overt racial discrimination that ranged from contentious to dangerous. As of 1956, the City of Austin did not employ African American bus drivers, even on routes that went through large sections of East Austin.<sup>31</sup> The municipal government hired few minorities at all outside of janitorial work. Numerous impoverished African American citizens felt mistreated by welfare agency personnel, some going so far as to forego their assistance checks rather than dealing with the agency.<sup>32</sup> One domestic worker wrote her congressman for assistance after the Travis County Welfare Agency would not help her when her disabled husband used an entire social security check, leaving her and three children to fend for themselves.<sup>33</sup> In the transitioning neighborhood of Windsor Park, one man wrote to Senator John Tower “I would greatly appreciate it if you could tell me if there is no way that treason by a nigger can be handled” after an unspecified incident.<sup>34</sup> In some cases, overt forms of racism could have deadly consequences. During the 1950s at Brackenridge Hospital, the closest hospital to East Austin, white nurses were not

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Center, Texas; “Otis L. Bush to Honorable Mayor Tom Miller,” August 3, 1957/ Folder, “FPF.10B Miller, R.T. Correspondence June – Sept., 1957”/Box “Miller Apr 1956-Dec. 1957”/Miller (Robert Thomas) Papers/Austin History Center, Texas.

<sup>31</sup> “Arthur DeWitty to Honorable Tom Miller – Mayor,” December 18, 1956/ Folder, “FPF.10B Miller, R.T. Correspondence Oct. – Dec. 1956”/Box “Miller Apr 1956-Dec. 1957”/Miller (Robert Thomas) Papers/Austin History Center, Texas.

<sup>32</sup> “Connie A. Miller to Congressman J.J. Pickle,” January 17, 1966 and February 26, 1966/Folder, “General Texas – Dept. Public Welfare”/Box 95-112-104/Papers of J.J. Pickle/Briscoe Center for American History, Austin, Texas; N.A. “New Patterns of Traffic Flow,” *Austin in Action*, 3.7 (December, 1961).

<sup>33</sup> “Mrs. Ethel Limuel to J.J. Pickle,” March 19, 1966/Folder, “General – Texas – Austin”/ Box 95-112-104/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin, Texas.

<sup>34</sup> “Morgan V. Smith Jr. to Senator John G. Tower,” July 29, 1968/Folder, “General-Texas-Austin 1968”/Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin, Texas.

required to care for black patients, who could easily be left unattended in any kind of medical condition.<sup>35</sup>

Austinites living east of East Avenue, particularly in the African American and Latino designated zones, had a much lower standard of living than Westside residents throughout the 1950s as well.<sup>36</sup> The Mexican American majority area bounded by East Avenue on the west, First Street on the south, Springdale Avenue on the east, and Seventh Street on the north had the highest percentage of dilapidated housing in the central city, over fifty six percent. “Dilapidated” was the worst classification of housing available according to Austin’s Urban Renewal Agency, indicating that the structure was not habitable and should be torn down. The majority Latino area just to the south and the African American neighborhood to the north did not fare much better; along with the downtown they were the only neighborhoods in the forty-one to fifty-five percent dilapidated category. No neighborhood in South or West Austin had over twenty-five percent dilapidation, and a vast majority had fewer than ten percent. A 1948 report by the Housing Authority of Austin found that roughly seventy-five percent of all dwellings between First Street and Nineteenth within one mile of East Avenue (roughly 1.5 square

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<sup>35</sup> “T.W. Fourqurean to Mr. Ben White,” October 30, 1956/ Folder, “FPF.10B Miller, R.T. Correspondence Oct. – Dec. 1956”/Box “Miller Apr 1956-Dec. 1957”/Miller (Robert Thomas) Papers/Austin History Center, Texas.

<sup>36</sup> While African Americans were institutionally segregated, Latinos (almost all Mexican-Americans at the time) were legally classified as “white.” But de facto segregation remained strong between Latinos and whites.

miles of virtually all African American and Latino residents) lacked a private bathroom.<sup>37</sup> The central Eastside had a far greater percentage of social and health problems than the rest of the city as well. Approximately two-thirds of all juvenile delinquency cases in Austin occurred in the central eastern neighborhoods, despite the fact that the area comprised less than twenty-five percent of the city's population. Upwards of seventy-five percent of major crimes (aggravated assault, murder, rape, robbery) were reported in central East Austin. The area also made the vast majority of calls to the police, indicating a high rate of minor crime and other daily municipal problems. Central eastern neighborhoods also saw a rate of tuberculosis far greater than the rest of Austin, perhaps owing to a severe lack of health care professionals on the Eastside and legalized discriminatory practices among physicians in other areas.<sup>38</sup> Finally, slumlords were prevalent in central East Austin. In one 1962 study of 1,057 homes in a heavily dilapidated section of central East Austin, ninety-six percent of residents were either African American or Latino, while over fifty-five percent of the real estate was owned by

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<sup>37</sup> Housing Authority of Austin, "From Slums through Public Housing to Home Ownership," Annual Report, 1948.

<sup>38</sup> City Department of Urban Renewal, "Slum Districts," (N.D., pamphlet)/Vertical File, "Austin, Texas – Industry (cities)"/Dolph Briscoe Center for American History, Austin, Texas. This pamphlet appears to have been published in 1958. It draws on census data from 1950 but uses neighborhood boundaries from 1955; The Austin City Planning Commission, "The Austin Plan," Report, 1958, 26.

whites. Poor renting conditions were another fact of life for marginalized East Austin residents.<sup>39</sup>

Beginning in the late 1950s, the passive disinterest that the city had shown toward the Eastside took on a new, aggressive tone as urban renewal spread across cities around the country. From a community perspective, it appears obvious that East Austin was accustomed to institutional and often overt individual discrimination from the city and some white residents as well as a lower overall standard of living. Despite segregation, minority communities appear to have had a relatively high degree of autonomy and both formal and informal networks of resistance when oppression became intolerable. But, as in many other American cities, urban renewal represented an entirely new and more damaging framework for race and class oppression. Segregation in Austin was for the most part a social phenomenon engrained in the landscape of the city and its collective consciousness. Urban renewal brought an overtly economic aspect into segregation; its policies encouraged politicians, developers, financiers, and contractors to profit from redeveloping large portions of minority areas to create jobs for real estate workers, developers, and contractors, and hence facilitate accumulation. In Austin, the powerful University of Texas was also a major factor in urban renewal. Administrators and regents viewed renewal as an opportunity to expand the cramped main campus in an era of skyrocketing enrollment and rapid urbanization around the campus. They viewed the

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<sup>39</sup> Carol Guistone, "The 'Other Side' is Beginning to Cross the Tracks While Staying Right Where it is," *Daily Texan*, April Monthly Supplement, 1963/ Folder, "(1) general, 1959-1964"/Subject File, "AF – Urban Renewal Project and Program U5000"/Austin History Center, Austin, Texas.

university as entrepreneurial in the sense that it increasingly functioned like a business – not just in terms of research contracts or allocations for profit-making departments and facilities, but also in terms of real estate and physical expansion. Thus, urban renewal represented a regulatory aspect of capitalist development under the welfare state regime of accumulation: already profiting from widespread development on the urban periphery, power brokers in Austin now had carte blanche to imagine an inner city landscape based on the needs of capital and sanctioned by federal investment. This new landscape, of course, came largely at the expense of the dispossessed and minority residents living in East Austin.

Although legally urban renewal in Austin did not begin until 1962, the groundwork was set in motion by Title One of the Federal Housing Act of 1949, which provided for urban slum clearance and redevelopment funded largely by the federal government. The cleared sites were then given to private developers who created new housing, often at tremendous profit. In 1954 a second housing act was passed that made renewal more enticing to developers by offering FHA guaranteed mortgages. The 1954 act prompted the city council to begin studying the housing market in East Austin. For this task the council appointed the city's first committee dedicated to the area east of East Avenue, the Greater East Austin Development Committee, which was charged with studying the area almost exactly analogous to the designated African American and Latino neighborhoods on the Eastside. In 1957, the city created its own urban renewal department which was then adopted under Texas state laws by a contentious referendum

in 1959, which few minorities were able to vote in, creating the Austin Urban Renewal Agency.<sup>40</sup>

Partly as a reaction to the impending certainty of urban renewal and partly in anticipation of continued urbanization, in 1953 the city council also voted to fund an updated professional master plan for the city. Although the city carried out some smaller studies in the 1940s and 1950s, particularly regarding business development, no comprehensive plan had been developed since the 1928 plan. In 1953 the city council revised the city charter, providing for a planning commission that could make and amend master plans, make zoning recommendations, and establish general parameters for development that could be continually amended. Published in 1958 after five years of research, the plan imagined an Austin with diverse regimes of accumulation and a geography that facilitated multiple forms of industrial production and knowledge work as well as altering the existing residential and commercial landscape of the city through zoning and urban renewal. The plan recognized that, as national economic surplus increased and the economy diversified drastically during the postwar economic expansion, people and businesses would make locational decisions based on “the attractiveness of the community.” This entailed an “orderly removal and replacement of those areas which have become obsolete and fallen into disrepair.” Creating these

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<sup>40</sup> Elsworth Mayer, “5 Areas up for Renewal,” *Austin in Action* 7.8 (March 1966); “N.A. “Rx for Cities: Urban Renewal,” (n.d., pamphlet)/Vertical File, “Austin, Texas – Industry (cities)”, Dolph Briscoe Center for American History, Austin, Texas. This pamphlet, almost certainly from 1958 or 1959, contains pro-urban renewal rhetoric: “A vote *for* urban renewal is a vote *against* slums and blight,” as well as statistics about urban renewal. The vote to create the urban renewal agency was extremely close.

conditions would not only be an attractive feature to prospective businesses, residents, and tourists, it would also create a landscape “of which the people are proud.”<sup>41</sup>

To provide for the attractiveness of the community while simultaneously encouraging economic growth, the master plan proffered industrial development away from areas planned for retail and residential development or public areas. The first industrial area, which conformed to the rough parameters of the BRC tract and its environs, appeared as a research and development facility that would be central to Austin’s informational cluster in the far northwest portion of the city. This area would provide the centerpiece for accumulation via knowledge work while retaining a low profile away from civic and public centers and in proximity to Austin’s growing middle and upper middle class subdivisions. Another industrial zone was planned for the area near the Perimeter Loop (now Highway 71) and the East Avenue expressway, far to the south in an undeveloped area of the city. Finally, the third major industrial area was the area bounded by First Street, East Avenue, Seventh Street, and Loop 183. This area conformed to the majority Latino neighborhood on the Eastside, which contained the highest concentration of Latinos in the city, some poor whites and African Americans, as well as the highest concentration of dilapidated housing. In the small adjacent area between First Street and the Colorado River the master plan envisioned a public parkway separated from the industrial zone by a wide boulevard. The parkway would also displace

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<sup>41</sup> The Austin City Planning Commission, “The Austin Plan,” Report, 1958, 3-4. Although the planning commission put together the report, much of the information and analysis were produced by Pacific Planning and Research.

hundreds of residents living on the river's flood plain below First Street. Under the plan's provisions they would not get to reap the benefits of the Longhorn Dam, which eradicated major flooding which often occurred along the river when completed in 1960. To facilitate transportation between the research-oriented park to the north and the production facilities to the east, the plan also advocated finishing a major highway, known locally as Research Road, which circumvented the residential areas of the city.<sup>42</sup>

Austin's master plan thus inscribed a geography of power and dominance onto the landscape of the Eastside, with little regard for the community. Despite an almost endless supply of undeveloped land throughout the city and on the periphery, the master plan advocated razing an entire neighborhood to centralize industrial production. The plan's brash statement about the neighborhood envisions it as little more than space to be emptied. Industrial discourse erases people from the landscape: "Austin can take advantage of the urban renewal legislation in the industrial development of the East Area. This primary industrial area is now cut into many parcels. Approximately one-third of its area is covered by housing, much of which is substandard. The area will need to be cleared and the parcels reassembled into sizes and shapes more suitable for industry before this prime location can achieve its potential." Under the urban renewal law passed in Texas, even homeowners whose property was deemed acceptable could not save it from eminent domain if the structure was not "consistent with the plan for the area,"

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<sup>42</sup>The Austin City Planning Commission, "The Austin Plan," Report, 1958, 6; Fred Day, "New Industry Needn't Impair City's Beauty & Liveability," *Austin in Action* 2.2 (July, 1960).



indicating that an industrial district would be zoned for single use and all residents would be relocated regardless of the quality of their structure.<sup>43</sup>

Although the eastern industrial zone did not materialize, it was an ongoing concern for Eastside residents who anticipated removal and dispossession based on the city's racial history and widespread urban renewal projects initiated during the 1960s. In place of the public park that the master plan envisioned for the north bank of Town Lake east of IH 35, in the late 1950s the city began dispossessing the mostly Latino residents on a twenty-two acre parcel of land adjacent to the reservoir to build Holly power plant. Built during the 1960s, at its peak the plant provided twenty percent of Austin's electricity and had a capability of 570 megawatts of power. Dozens of residents were evicted and their homes razed to make room for the power plant, the city's largest and most centralized power-generating facility at the time. For years the plant was a source of constant irritation for neighborhood residents due to the noise and pollution it created. Numerous times it became a dangerous environmental hazard to the neighborhood; major fuel spills occurred nine times between 1974 and 1993, some of which ignited into fires. Eastside environmental activists have claimed that the plant has caused numerous health problems among residents, including tumors and birth defects.<sup>44</sup>

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<sup>43</sup> Ibid, 11; "Summary of Texas Urban Renewal Law – House Bill 70,"/Vertical File, "Austin, Texas – City Planning (I)"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>44</sup> Amy Smith, "One more Detour on Holly Street," *Austin Chronicle*, January 21, 2011, <http://www.austinchronicle.com/news/2011-01-21/one-more-detour-on-holly-street/>, accessed September 6, 2011.

One major infrastructural project that urban renewal ideology facilitated in Austin was the completion of IH 35, which further institutionalized the symbolic and actual barrier between East and West Austin when it was built directly over East Avenue, for decades the line of racial demarcation between Anglo West Austin and minority East Austin. In many larger cities, federally funded expressways eviscerated existing working and middle class neighborhoods and worked in consort with other urban renewal projects to segregate poor minority residents. In Austin, the expressway, completed in 1962, reinscribed a physical and mental landscape of segregation on central Austin in a much more brutal and impassable form. East Avenue was a wide parkway with a naturally landscaped center and multiple cross streets connecting east and west. Residents on either side could enjoy the parkway and also easily view the other side. In its place rose the mammoth structure, twenty feet high in some areas, which created an actual wall between the already disparate communities. Together, IH 35 and the new Research Road around the city's northern and eastern perimeter expedited traffic flow through and around the city, and, like in many metropolitan areas, allowed for a significant increase in development around the urban periphery and along the nodes created to the north and south of town. They also inscribed a more rigid form of segregation on the landscape as race and class barriers.

Urban renewal projects altered the Eastside landscape dramatically during the 1960s, even as the civil rights movement crested in Austin and elsewhere. Because almost all power to determine the quality of structures, neighborhoods, or public facilities

was legally given to the city, residents had almost no say in the fate of their property. The urban renewal agency simply needed to declare fifty percent of the structures in any given area “dilapidated beyond reasonable rehabilitation” or otherwise blighted in order to condemn the entire area. Because historically the municipal government did not consider zoning important in East Austin, and because it was extremely difficult for minorities to acquire loans to buy or improve property in East Austin, a large number of structures on the Eastside were considered substandard.<sup>45</sup> All five major urban renewal projects in Austin affected some areas of the Eastside, and two focused exclusively on the Central Eastside neighborhoods of Kealing and Glen Oaks. Large tracts of the central Eastside were razed; it is unclear exactly how many acres were redeveloped or residents dislocated, but as of June 1966 nearly 1,000 acres were scheduled for clearance and or rehab in East Austin, and at least 250 of those acres were in central East Austin which was virtually all African American.<sup>46</sup> This statistic did not include the university’s proposed eastward expansion, which targeted the northwest portion of the traditional African American area.

The greatest conundrum for policy makers and planners was relocating displaced residents, particularly the elderly and impoverished. The Texas Urban Renewal Law specifically forbade any property acquired through urban renewal to be used for public

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<sup>45</sup> Joe R. Feagin and Robena Jackson, “Delivery of Services to Black East Austin and Black Communities: A Socio-historical Analysis,” Report, N.D. (1979 ?), 61-70.

<sup>46</sup> “W.W. Collins to J.J. Pickle,” June 7, 1966/Folder, “Urban Renewal Administration – Department of Housing and Urban Development”/Box 95-112-66/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin, Texas.

housing, which meant that private low cost housing would be necessary for hundreds if not thousands of residents.<sup>47</sup> The Urban Renewal Law did not, however, give any indication of how dispossessed citizens without accommodations would be handled, other than giving cities the power to “plan and assist in relocation.” While Austin was one of the first cities to construct public housing specifically for African Americans and Latinos in the late 1930s, by the 1960s they had long waiting lists. Since public housing was still technically segregated until 1968 in Austin, early victims of dispossession could not apply for relocation to white-designated public housing units. An AURA newsletter confirmed the dire situation that African Americans in need of public housing faced in 1964: the entire city only had 429 African American-designated public housing units, and only thirty-two more units were planned, despite the obvious dislocation of many disadvantaged citizens that urban renewal would create.<sup>48</sup> A 1966 issue of *Austin in Action* claimed that most residents displaced from Kealing “had been moved to better living facilities through their own initiative,” but this claim appears spurious. Even those African American residents who found their way into segregated public housing often found unhealthy and sometimes dangerous conditions. At the Booker T. Washington homes in the eastern part of central East Austin, which contained roughly 300 low rise units built in 1953, there were over 100 fires reported in the first twenty years of

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<sup>47</sup> “Summary of Texas Urban Renewal Law House Bill 70,”/Vertical File, “Austin, Texas – City Planning (I)/Dolph Briscoe Center for American History, Austin, Texas.

<sup>48</sup> Austin Urban Renewal Agency, “The Workable Program for Community Development,” (pamphlet, 1964)/Folder (1) general, 1959-1964/Subject File, “AF – Urban Renewal Project and Program U5000”/Austin History Center, Austin, Texas.

existence. In 1960 rat infestation became so overwhelming that two local companies donated over 1,000 pounds of poison to residents. By 1984 the entire complex was deemed unsafe for habitation and was evacuated for five years.<sup>49</sup>

Although the data regarding displacement is lacking, numerous vociferous members of the Eastside community voiced their displeasure with urban renewal in letters to community leaders and politicians. In response to a letter from an evicted woman whose new apartment would not be ready for months, provided one was available, Congressman J.J. Pickle admitted to a severe shortage of low income housing in Austin, which made relocating disadvantaged citizens more difficult than anticipated.<sup>50</sup> Though Pickle demonstrated empathy in his letter, he voted against open housing in Washington, which would have dramatically increased available housing stock for Austin's African American citizens.<sup>51</sup> Others wrote to alert Pickle that urban renewal had negatively affected many citizens in Eastside neighborhoods. Perhaps most poignantly, Frederick B. Scott noted that many African Americans, some living on a pension, were unable to purchase a home or afford a suitable apartment with the money that the government paid them for their property. To Scott, the ubiquity of African Americans

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<sup>49</sup> Meyers, "5 Urban Areas up for Renewal;" Diana Dworin, "Austin Housing Complex is Neglected, Decaying," *Austin American Statesman*, November 17, 1996/Vertical File, "Austin, Texas – Housing and Real Estate (Travis County)"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>50</sup> "J.J. Pickle to Mrs. Ella Louise Davis," September 9, 1968/Folder, "General Texas Austin – City of Austin Urban Renewal Agency"/Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas.

<sup>51</sup> "L.C. Todd to J.J. Pickle," April 30, 1968/Folder, "General Texas Austin 1968"/Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas.

who could not afford property after they were forced to sell indicated that urban renewal officials and real estate agents lied to community members about the availability of affordable housing in Austin. Efforts to redevelop sections of the Eastside were viewed as bald attempts on the part of developers and politicians to increase accumulation by further dispossessing marginalized citizens.<sup>52</sup> The Blackshear Residents Organization (BRO), representing one of the poorest, most dilapidated Eastside districts, fought against the \$1.8 million urban renewal plan for their community. At a 1969 meeting between the city and Blackshear residents, J.E. Mosely, president of BRO, claimed urban renewal would result in “bulldozers cleaning us all out” and that redevelopment would not benefit citizens in the neighborhood. BRO was able to postpone urban renewal in Blackshear until federal funding was not renewed in 1973, preserving almost the entire neighborhood.<sup>53</sup>

Compounding the issue of real estate dispossession was the virtual absence of new housing starts for low to moderate income families in Austin during the late 1960s and early 1970s despite the strong real estate boom described earlier. The paucity of new low income housing in Austin was due to a number of factors, including rapid growth in more lucrative middle and upper class markets. But again, institutional racism appears to

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<sup>52</sup> Leon M. Lurie to Frederick B. Scott,” March 21, 1968/ Folder, “General Texas Austin – City of Austin Urban Renewal Agency”/Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas; “Frederick B. Scott to The Honorable J.J. Pickle,” March 28, 1968/ Folder, “General Texas Austin – City of Austin Urban Renewal Agency”/Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas.

<sup>53</sup> N.A., “HOC Newsletter,” November 14, 1969/ Folder, “(2) general, 1965-“ /Subject File, “AF – Urban Renewal Project and Program U5000”/Austin History Center, Austin, Texas.

have played a significant role in home building and lending practices. Unlike other Southern and Southwestern markets, in Austin FHA 235 loans were “practically an unknown quantity” according to a 1971 report. Created under the Federal Housing Act of 1968, FHA 235 loans were designed to assist low income citizens by allowing them to pay a set percentage of their monthly income as a mortgage payment. The government could pay a significant percentage of the mortgage interest directly as well, subsidizing monthly cost for the recipient. In Austin, however, the strong resistance to racial mobility and the institutional framework of real estate and banking networks made securing FHA 235 very difficult, especially for minorities. Similarly, the apartment market maintained virtual segregation through advertising practices and racially-based social networks among real estate agents and their clientele. The same 1971 report baldly stated that, “The Austin apartment dwellers (non-students) have a society that is pretty much their own. Because of this, the most effective form of advertising is word of mouth. Although they do watch newspaper ads, approximately eighty percent of people interviewed indicated that they heard about the apartment they rented from a friend.” Existing residential and social segregation thus largely determined networks for finding accommodations in Austin and contributed to ongoing physical and mental segregation for both white and minority residents.<sup>54</sup>

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<sup>54</sup>Southern Union Gas Company, “A Study of the Housing Market,” Report, 1971/ Vertical File, “Austin, Texas – Housing and Real Estate (Travis County)”/Dolph Briscoe Center for American History, Austin, Texas.

In Austin, urban renewal policies were obvious indicators of the status of African Americans and Latinos in the larger community, as well as examples of what David Harvey calls “accumulation by dispossession,” directly assuming control of another’s resources for a nominal price and turning that property into profit. Almost completely devoid of agency or political voice in West Austin, poor minority residents were often dispossessed at the whims of politicians, developers, and University of Texas administrators. Discrimination was sanctioned largely by a discourse, espoused by much of the business and political community in Austin, which considered urban renewal a key facet to modernizing Austin – to make it more attractive for investment and continued urbanization in a specifically non-urban mode. Despite civic leaders’ claims to the contrary, in the decades after urban renewal the central Eastside endured a sharp rise in poverty and crime, as residents of means moved out and poverty became concentrated. Although the neighborhood’s central location gave residents access to many other areas after segregation ended, the area actually became more economically and socially segregated from the rest of the city. This process was akin to the ghetto formation documented in many larger U.S. cities from the 1960s through the 1980s, where centralized, impoverished residents were increasingly cut off from work opportunities as well as contact with other classes and races.<sup>55</sup> Overall lack of income was endemic to historically minority neighborhoods in central East Austin. In 1977, eighty-seven percent of central East Austin was deemed “low income” by the Community Development Block

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<sup>55</sup> William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987).



Grant application for that year.<sup>56</sup> In 1970, the central East side had a poverty rate of 37.5 percent. By 1990, the rate of poverty had risen to a staggering fifty-two percent, an almost unbelievable total in a city with one of the highest rates of economic growth and employment in the U.S. during the 1980s.<sup>57</sup>

Housing stock in Austin's central Eastside locations did not show marked improvements in the years following urban renewal either. Unlike areas that the university annexed, parts of the Brackenridge Tract and the University East area, which demonstrated a significant decline in substandard housing by 1977, concentrated African American and Latino neighborhoods further into the Eastside had similar levels of dilapidation as they did when surveyed in the early 1960s. The historically African American community area bounded by IH 35, MLK, Airport Boulevard, and Seventh Street had fifty-one percent substandard housing stock according to the city's Community Development Block Grant (CDBG) application for 1977. The two historically Latino neighborhoods to the south (together bounded by IH 35, Seventh Street, Springdale Road, and the Colorado River) separated by First Street had 53.4 and 65 percent substandard housing stock, respectively. Clearly, urban renewal projects did not target the most disadvantaged minority citizens in Austin; they were rather processes of accumulation

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<sup>56</sup> City of Austin, "1977 Third Year Housing and Community Block Grant Application," (Report, 1977), 32.

<sup>57</sup> Federal Reserve Bank of San Francisco, "Austin, Texas: The East Austin Neighborhood," n.d. [http://www.frbsf.org/cpreport/docs/austin\\_tx.pdf](http://www.frbsf.org/cpreport/docs/austin_tx.pdf), accessed October 4, 2010. Stats appear to be taken from census data. In 1988, for example, *INC.* magazine named Austin the best city for business in the U.S.

that favored Westside business and political interests in remaking selected portions of the landscape.<sup>58</sup>

Urban renewal must be viewed, however, within the dual framework of historical racial discrimination in Austin and the city's decision to encourage economic growth through non-industrial development described in Chapter Two. Austin's rapid economic expansion during the 1960s had very little positive benefit for its minority communities, as city leaders and business people focused on attracting external workers to expand skilled labor markets in the city and especially at the university. Austin capitalists had never concentrated on producing adequate internal labor power because of the non-industrial quality of its industries. Thus, most unskilled laborers were highly expendable because the reproduction of their labor power served little purpose in a local economy with such a paucity of heavy industry. This facet of production also helps to explain the extreme mental segregation exhibited by Austinites: unlike areas with more fordist production, which by the 1950s generally indicated some workplace integration, in Austin minority and white members of the same class rarely worked together, as each group filled specific niches in smaller industries. Not only did the growth of the 1960s remain unfulfilled for most minority Austinites; urban renewal sought to expand accumulation by taking advantage of the surplus created by the boom, which meant profiting from expanding real estate values around but not necessarily in central East

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<sup>58</sup> "1977 Block Grant Application," 29. The Brackenridge and University East tracts were part of areas with 9.6 percent and 8.4 percent substandard housing, respectively. They had 14.1 and 42.6 percent minority population as well, indicating a small migration of more affluent minorities out of the traditional minority neighborhoods by 1977.

Austin as well as on the urban periphery. For minority residents discrimination actually increased: socially-sanctioned residential and public segregation in the 1930s grew into aggressive socioeconomic oppression by the 1960s which included appropriating minority space for profit. Viewed through this lens, it becomes increasingly apparent that, while the end of segregation may have adversely affected the cohesion of previously concentrated minority communities, the concomitant dispossession of thousands of minority residents likely had a similarly deleterious effect on the community.<sup>59</sup>

This increasing bifurcation between East and West in Austin also manifested itself in the absence of collective consumption and the effort that white Austinites expended to maintain racially separate spheres of consumption. To Manuel Castells, collective social practice aimed at changing dominant social and political urban landscapes has the ability to produce truly democratic urban space. Collective consumption, a term that sometimes refers to consumption by particular social groups (gays, workers) and sometimes refers to the public modes of consumption available to urban residents (public transit, public education, and public housing, for example) is a key to understanding grassroots social change. The idea was central to Marxist urban social theory in the 1970s and early 1980s. To Castells, the state, in order to reproduce adequate labor power for advanced capitalist society to function, began producing

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<sup>59</sup> I am thinking here particularly of my interview with Ben Wash and the other narratives from African American Eastside residents who did not mention urban renewal in their discourse of Eastside decline in the 1970s.

services that were consumed collectively. The differences in which groups had access to certain forms of consumption could thus demonstrate power relations in society.<sup>60</sup>

One dramatic instance of white resistance to collective consumption was the grassroots reaction to the Austin Fair Housing Ordinance in 1968. In response to the federal fair housing ordinances and other monumental civil rights legislation in Washington, liberal members of the city council formed an Austin Human Rights Commission in 1967. The commission was charged with preparing a fair housing ordinance for the city, which was quickly finished and presented to the council in May 1967. The full text of the Austin ordinance, which mandated that no person could be discriminated against on the basis of race, color, religion, or national origin when buying, leasing, or financing residential property, was printed in the *Austin Statesman* on May 24, one week after the deciding council vote.<sup>61</sup> The ordinance was enacted on May 27.

Immediately the Austin Board of Realtors, many of whom supported the ordinance in its early stages, called for a referendum vote against open housing, which realtor Nelson Puett claimed in a letter to J. J. Pickle, “is not a racial thing . . . not a civil rights thing. . . . This is just another government attempt to restrict and control your individual freedom and to tamper with the most basic human right, private ownership of

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<sup>60</sup> Manuel Castells, *The Urban Question: A Marxist Approach*, trans. Alan Sheridan (Cambridge, MA: MIT Press, 1977).

<sup>61</sup> “The Complete Text of Austin’s Fair Housing Ordinance and the Federal Fair Housing Act,” May 24, 1968, *Austin Statesman*/Vertical File, “TX Cities – Austin – Housing”/Briscoe Center for American History, Austin, Texas. Also see Orum, “Power, Money, and the People,” 261-266.

property.”<sup>62</sup> Publicly, Puett and other powerful Austin realtors such as Hub Bechtol were equally as committed to defending private property rights against fair housing. Locally the ordinance was denounced as “forced public housing,” despite the fact that it did not call for any forced relocation of citizens or forced integration of any kind. Although referendums were rarely successful in Austin, the Austin Board of Realtors chose to collect the necessary signatures to proceed with a public vote. Within 10 days the petition was signed by 27,000 thousand residents, nearly one-third of Austin’s voting-eligible population and roughly ten percent of Austin’s entire population, including minorities and minors, in 1968. When put to referendum, the Austin Fair Housing Ordinance was soundly defeated, leaving discriminatory real estate and lending practices difficult to prosecute in Austin into the 1970s. Discriminatory lending practices also severely restricted the choice of school that African Americans had even after school desegregation was institutionalized in the schools system.<sup>63</sup>

Blatantly racist practices characterized Austin’s school system well into the 1980s and kept collective civic and social experiences among races at a minimum in schools, as well as giving white students an array of financial, social, and educational advantages over minorities. As in most of the South, Austin’s African American students attended rigidly segregated public schools before *Brown vs. Board of Education* engendered

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<sup>62</sup> “Nelson Puett to Hon. J.J. Pickle,” June 4, 1968/ Folder, “General Texas Austin – 1968”/Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin Texas.

<sup>63</sup> Orum, p. 264-266; L.C. Todd to J.J. Pickle,” April 30, 1968/ Folder, “General Texas Austin – 1968”/Box 95-112-203/Papers of J.J. Pickle/Dolph Briscoe Center for American History, Austin, Texas.

desegregation in 1954. Almost no minority teachers taught in majority white schools. Because of an obscure law dating from the founding of Texas, Austin's Latinos were not legally segregated in schools, but de facto segregation remained very strong, even in relatively integrated neighborhoods.<sup>64</sup> After 1954, the newly formed Austin Independent School District (AISD) implemented a variety of plans to circumvent new desegregation laws or to slow down the process of integration. One of AISD's methods to keep white students segregated while legally integrating was to simply draw boundaries that integrated existing African American and Latino neighborhoods. Because legally Mexican Americans were considered white, AISD hoped that integration between Eastside African Americans and Mexican Americans would be enough to keep federal courts out of Austin without integrating Anglos with minorities whatsoever. AISD also adopted a "freedom of choice" plan in the late 1950s which allowed students to attend whatever school they lived closest to; because residential segregation was still so ubiquitous, the plan had the desired effect of stalling integration. In 1959 less than one percent of the 5,512 African American students enrolled in AISD attended a majority white school.<sup>65</sup>

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<sup>64</sup> Even in relatively integrated neighborhoods, like the area around East First Street and Chicon, custom dictated that schools remain rigidly segregated between whites and Latinos. In that neighborhood, whites attended Metz Elementary and Hispanics attended Zavala well into the 1960s.

<sup>65</sup> *United States of American vs. Texas Education Agency*, 467.F.2d 848 (1972) <http://law.justia.com/cases/federal/appellate-courts/F2/467/848/154323/>, accessed September 4, 2011; *Blackshear Residents Org. vs. Housing Authority of the City of Austin*, 347.F Supp. 1138 (1972) [http://174.123.24.242/leagle/xmlResult.aspx?xmlDoc=19721485347FSupp1138\\_11300.xml&docbase=CSLWAR1-1950-1985](http://174.123.24.242/leagle/xmlResult.aspx?xmlDoc=19721485347FSupp1138_11300.xml&docbase=CSLWAR1-1950-1985), Accessed September 4, 2011.

Desegregation in Austin stalled throughout the 1960s despite unwanted external attention from the Department of Health, Education, and Welfare (HEW) as well as the Dallas Education Branch of the Office of Civil Rights. Both groups investigated AISD closely and attempted to reach a solution that both the city and the U.S. government found acceptable. AISD's new version of the "freedom of choice" plan, basically the same version it was operating under at the time, was rejected by HEW. AISD countered by offering a redistricting plan and new buildings program that was also rejected by HEW. In 1970, after years of stalemate, the Federal Office of Civil Rights filed suit against AISD for failing to comply with desegregation guidelines. As part of the first federal case in 1972, the court collected data on the racial makeup of AISD schools. Eighteen schools in East Austin contained greater than ninety percent minority population; two-thirds of those schools contained over ninety percent exclusively African American or Latino. Only one school in East Austin was not more than ninety percent minority as of 1972. AISD's final attempt to assuage the office of civil rights was to integrate just one level across the city, but this plan was also rejected. Additionally, of twenty-nine AISD schools opened since 1954, nineteen were over ninety percent white, while twenty-one had zero black students. Although Mexican American students were more evenly distributed, they often acted as buffers between the other two races or had a very small presence in heavily Anglo schools.<sup>66</sup>

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<sup>66</sup>*United States of American vs. Texas Education Agency*, 467.F.2d 848 (1972)  
<http://law.justia.com/cases/federal/appellate-courts/F2/467/848/154323/>, accessed September 4, 2011.

In Austin, as in many Southern cities and some Northern urban areas, court ordered busing was implemented as a last effort to integrate schools after AISD proved unwilling to move desegregation along.<sup>67</sup> Federal circuit courts heard a series of three cases against AISD throughout the 1970s, beginning with the initial 1972 case which provided statistical information to demonstrate AISD's negligence and also began the process of setting guidelines for integration. Before busing was even formally mentioned in the courts, however, Austin attorney Bill Lynch formed the Austin Anti-Busing League (AABL) in 1970. For Lynch, busing represented not only the manifestation of socialism and communism in the government; it was also an impingement upon individual rights.<sup>68</sup> Even though the liberal AISD council might not want busing, Lynch claimed they "have no quarrel with the social mixing aspect. That's where we differ. It's wrong to impose a socialistic state."<sup>69</sup> Although Lynch thought that the AABL was unfairly characterized as racists, he did admit that many members were racists. He thought that the left was characterized by communists, and that busing represented unwarranted federal growth in one of its more "repugnant forms."<sup>70</sup> To Lynch, if the

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<sup>67</sup> For busing in Boston, see Ronald P. Formisano, *Boston Against Busing: Race, Class, and Ethnicity in the 1960s and 1970s* (Chapel Hill: University of North Carolina Press, 1991).

<sup>68</sup> All forthcoming quotes come from an interview of Lynch conducted in 1973 by Charles Edwin Davis and given in his dissertation, "United States vs. Texas Education Agency, et al.: The Politics of Busing," (PhD diss., University of Texas at Austin, 1975). For Austin busing, also see, Chandler Davidson, *Race and Class in Texas Politics* (Princeton: Princeton University Press, 1990), 236; and Sean P. Cunningham, *Cowboy Conservatism: Texas and the Rise of the Modern Right* (Lexington: University of Kentucky Press, 2010), 213-215.

<sup>69</sup> Davis, 187.

<sup>70</sup> Ibid, 189.



public demonstrated its true feelings about busing, “They’d hang Will Davis.”<sup>71</sup> They’d go to the Supreme Court and say ‘you fellas better leave the country.’”<sup>72</sup> While Lynch’s virulent rhetoric may have been more hyperbolic than many Anglo Austinites would tolerate, the AABL’s stance was popular among them. Numerous smaller groups formed in defense of the neighborhood school system and the AISD’s freedom of choice plans in the early 1970s. In a show of grassroots opposition that mirrored the open housing issue three years earlier, over 20,000 citizens signed an anti-busing petition in that was delivered to HEW in 1971.

The circuit court, which rejected each plan proposed by AISD, found no other way to create a unitary school district. Despite pleas against busing from AISD and complaints of white flight and other social maladies that the district related to busing, the second federal desegregation case against AISD, heard by a circuit court judge in 1976, deemed busing a suitable method to integrate AISD schools. Busing was ordered by circuit court Judge Roberts in 1979 after AISD proved unable to create a unitary school system. AISD complied with the order beginning in 1980, which specified that the district would be declared unitary and the court case dropped if results were satisfactory after three years of extensive busing. Each elementary in East Austin was paired with an elementary school in West Austin; first through third graders were bussed one way and fourth through sixth graders were bused the other way. The Austin Schools Project, a

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<sup>71</sup> Head of AISD.

<sup>72</sup> Davis, 189.

1998 study conducted by law professor Elvira R. Arriola, found that busing created a unitary system in most Eastside schools by 1983, reversing the wholly segregated demographic of those school in 1971.<sup>73</sup> The case ended in 1983 after the district was perfunctorily decreed unitary.

Busing ended in Austin almost immediately after the end of the enforced period of desegregation ended in 1986, and the former neighborhood school format became the system of choice for AISD. In 1987, AISD replaced the busing system with a system that allocated more funds to schools with large minority populations in an attempt to address past injustices without continuing busing. Almost immediately, levels of integration dropped precipitously. Although they did not reach the segregated levels of the 1960s or early 1970s, by the mid-1990s seventy-five percent of Austin's elementary schools were distinctive majority-minority schools. Another perfunctory change made to encourage continued desegregation without busing was the magnet school program, which AISD adopted in the late 1980s specifically to improve integration while creating elite programs for the city's most talented students. All three magnet schools were placed inside Eastside facilities, which meant that Anglo students would usually need to be bussed to schools. The busing, however, did not exactly imply integration. Arriola's study found that magnet schools generally functioned as "schools within schools," where the heavily Anglo magnet school operated almost entirely independent of the minority-dominated

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<sup>73</sup> Elvira R. Arriola, "Austin Schools Project," (Report, 1998), <http://www.womenontheborder.org/AUSTINSchools.htm>, accessed October 20, 2011.

normal school. Arriola also found that instances of minority attrition were much higher than Angle attrition at the magnet schools as well.<sup>74</sup>

While most narratives portray the slow improvement of race relations after the contentious battles fought over Civil Rights in the late 1950s and early 1960s, in Austin racial tension appears to have increased throughout the decade. Clearly, there was little that the races shared with each other. Even in the 1970s they remained almost entirely distinct communities with little shared history or space outside of Austin's emerging nightclub scene. The school desegregation situation and the incredible grassroots opposition to the Fair Housing Ordinance demonstrated that a wide variety of white Austinites were hostile towards integration, not just politicians and business interests. Economically Austin was an increasingly bifurcated city by 1970 as well. The poverty rate in central East Austin, for example, was 37.5 percent, nearly double that of the rest of the city and during a period of less than two percent unemployment in Travis County.<sup>75</sup> West of IH 35, only one neighborhood, unincorporated, historically African American Clarksville, which did not receive municipal services, had less than eighty-five percent white residents. Outside of Clarksville, only one neighborhood on the Westside had greater than five percent African American population in 1970, and only one neighborhood west of Lamar was greater than one percent African American population.

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<sup>74</sup> Ibid.

<sup>75</sup> Federal Reserve Bank of San Francisco, "Austin, Texas: The East Austin Neighborhood," n.d. [http://www.frbsf.org/cpreport/docs/austin\\_tx.pdf](http://www.frbsf.org/cpreport/docs/austin_tx.pdf), accessed October 4, 2010. The figure for the rest of the city, 20.5 percent, most likely includes university students.

That tract was less than five percent African American.<sup>76</sup> Minority concentration in East Austin was even more acute. In 1977, the historic African American neighborhood bounded by IH 35, MLK, Airport Boulevard, and Seventh Street was ninety-nine percent minority. The historically Latino neighborhood bounded by IH 35, Seventh Street, Springdale Road, and First Street was ninety-two percent minority. That percentage increased as most of the small remaining Anglo community in the East Cesar Chavez neighborhood left during the 1970s.<sup>77</sup> Additionally, wealth in Austin in 1970 was highly concentrated. Although per household income was \$10,529, thirty-three percent of Austin households had an income of less than \$5,000 and 68.5 percent had incomes less than \$10,000. These data suggest that only forty-four percent of Austin residents could afford to buy housing in 1971 because of the paucity of low to moderately priced residential building. Many minorities were cut off from not only home ownership but also from any kind of mainstream economic life in Austin, regardless of their location. Economic data by race clearly demonstrated a highly bifurcated city in 1970 as well: African Americans per capita income was 52.3 percent of the average, while Latinos per capita income was 59.3 percent of the average. Because minority statistics were included in the average, minority income was almost certainly an even lower percentage of the average income of

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<sup>76</sup>U.S. Census Bureau, "Travis County Census Tracts" (May, 1980).

<sup>77</sup>"1977 Block Grant Application," 35.

whites in Austin. Clearly Austin had a significant economic gap long before its status as Creative City was secured, and that gap was highly characterized by race.<sup>78</sup>

By the early 1970s, Austin's racial geography was fractured beyond repair. The chasm between white and minority Austin, the major defining social characteristic of the city for decades, was widened during the 1950s and 1960s by both institutional and grassroots modes of discrimination that regulated rapid urban and economic growth and kept the Westside landscape largely pastoral. Those few who could escape East Austin left for peripheral areas that were still highly segregated rather than for middle class white neighborhoods in central west Austin. From a symbolic and physical perspective the city was bifurcated between East and West, minority and white, and a palpable hostility existed between citizens on either side of the demarcation. The addition of an upper deck on IH 35, built in the early 1970s in the northern portion of the African American neighborhood, further institutionalized the wide chasm in the city's symbolic landscape. It is important to understand this bifurcation as not only racial, but also urban. There was no room for industry, dilapidation, or minorities in white Austin, all of which were either extricated from the landscape or concentrated in the designated "urban" part of town, the *urbs in horto* that needed to be segregated in the pastoral imaginary that defined Austin as a natural city. When the liberal effort to define and direct Austin based

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<sup>78</sup> Southern Union Gas Company, "Market Analysis: A Study of the Housing Market," (Report, 1971), 3-4; Kaye Northcutt, "Austin: The Perils of Popularity," *American Planning Association Journal* 50.11 (November, 1984): 4-10. Stats taken from a report by University of Texas professor Dowell Myers.

on the will of the people came in the form of Austin Tomorrow, citizens chose nature over people.

### **Austin Tomorrow**

The most important and innovative early attempt to manage and direct growth in Austin was not exactly the outcome of grassroots social activity; it was rather a radical plan put forth by a member of Austin's Planning Committee, Richard Lillie, called Austin Tomorrow. But, Lillie was part of a growing grassroots environmental movement in Austin and he did envision Austin Tomorrow as a blueprint for environmentally-responsible development in Austin. Lillie's plan, initiated in 1972, called for a democratic approach to urban planning in Austin. Rather than hire a professional engineering firm to work closely with Austin politicians and business people, as was the case with all previous Austin city plans and the vast majority of urban plans in the United States, Lillie planned to turn control of development over to Austin citizens. He began Austin Tomorrow with a grant from the federal government to set up a planning effort that put citizen input at the forefront of recommendations and included members of the community from the beginning. Lillie, a seasoned urban planner and liberal with roots in the democratic movements of the 1960s, was also a member of burgeoning environmental movement in Austin. He helped to create the city's Office of

Environmental Resources Management in the early 1970s, which oversaw the building of public utilities like power lines and sewers and made sure development was not harmful to the environment. He initiated dialogue with Mayor Roy Butler and City Manager Dan Davidson, who both supported the initiative.<sup>79</sup>

Under the Housing and Community Development Act of 1974, which, like most federal urban programs after 1973, shifted the emphasis of urban redevelopment programs from the federal to local levels. The act allowed municipal governments to institute democratic planning initiatives to take a comprehensive view of their cities. Beginning in 1978 Austin would be eligible for nearly \$8 million in federal funding which would include funds for recommendations from Austin Tomorrow.<sup>80</sup> Using neighborhood-based meetings run by volunteers, each citizen would be able to participate in the planning and Austin Tomorrow's findings would be reported back to the planning committee and city council. Austin Tomorrow's focus was widespread: eight task forces were created to deal with specific issues that the city council and planning commission deemed relevant: economy, population, neighborhoods, environment, land use, central business district, housing, and transportation. The report would then be the primary document driving Austin's new urban agenda. Thus, from a planning perspective, Austin Tomorrow appears as a move away from consolidation of political and economic power

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<sup>79</sup> Swearingen, *Environmental City*, 77-85.

<sup>80</sup> N.A., "The City of Austin Wants Your Ideas on Community Needs," *Austin American Statesman*, November 4, 1975/Folder, AF - C4170 (3) 1974-"/Subject File, "Austin Tomorrow"/Austin History Center, Austin, Texas.

in urban design that characterized earlier plans in 1928 and 1953. According to Christine Boyer, such plans serve the interests of capital at the expense of the vast majority of citizens. Likewise, if we can believe urban sociologist Mark Gottdiener that “urban planning in every society is a façade for power,” then Austin Tomorrow represented one of the most ambitious, democratic efforts to bring the power of conceptualizing and producing space back to the people.<sup>81</sup>

Lillie also wanted citizens to understand firsthand how the mechanisms of growth functioned within the city government and business community and the consequences of development on the environment. He wanted people to be informed about developmental issues as well – capital improvement projects, annexation, and bond issues. As an environmentally-minded planner, Lillie also hoped to develop a constituency that could channel environmentally responsible planning throughout the city after Austin Tomorrow in the form of neighborhood organizations and local environmental councils. Austin Tomorrow was thus envisioned as more than a document driven by prescriptive growth policies; it was a means of bringing environmental concerns from planners and

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<sup>81</sup> Gottdiener, *The Social Production of Urban Space* (Austin: UT Press, 1985), 18; M. Christine Boyer, *Dreaming the Rational City: The Myth of American Urban Planning* (Cambridge: MIT Press, 1983). Boyer’s work focuses on early city planners, from the 1900s to the 1950s, whom she finds incapable of planning a truly rational city in the interests of urban dwellers. The final chapter of *The Social Production of Urban Space* is also relevant here, where Gottdiener argues that community control over spatial production is the key in achieving democratic places.



environmentalists to citizens throughout the community. From a social perspective the aim was create a lasting, grassroots environmental movement.<sup>82</sup>

If Austin Tomorrow's intention was in fact to bring urban planning back to the people, what the program lacked was a comprehensive vision of who "the people" were, and a methodology that truly sought a cross section of Austin's population. Austin Tomorrow's leaders, armed with the rhetoric of democracy and participatory politics, failed to address the widespread geographic and social differences that fragmented the growing city. They rather understood "the people" as a fairly homogenous group whose interests and goals were at least somewhat aligned against unplanned or unmanaged growth. As the leaders of a burgeoning environmental movement in Austin, their focus was on preserving the natural landscape against development and maintaining pastoral residential neighborhoods in West Austin. This miscalculation led to early and lasting frustrations in terms of serving the interests of what in fact was a disparate population. While Austin Tomorrow did ultimately produce a useable urban planning document, much of which was taken into account when the new city plan was unveiled in 1979, its failures were also obvious: a disregard for class, race and related geographic fragmentation; a lack of economic understanding regarding the possibilities of growth paradigms for the city; and a vision based almost exclusively on environmental and neighborhood protection with little understanding of the causes of suburban sprawl or the economic and social problems endemic to entire areas of the city. To understand these

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<sup>82</sup> Swearingen, *Environmental City*, 80-85.

failures, and their negative effects on land use and social cohesion in Austin, it is best to view Austin Tomorrow as a social process, beginning with the planning committee's initial inquiries into Austin's growth in the early 1970s.

Dick Lillie's revolutionary idea for democratic urban planning was inaugurated with the implementation of Phase II of Austin Tomorrow, beginning in early 1973. Rather than rely solely on private municipal planning and engineering firms to make recommendations, as had always been done in the past and was the modus operandi of nearly every U.S. city at the time, Lillie suggested a radically democratic approach to urban planning. Austin Tomorrow was open to any citizen who lived in the city, and designed in a way that facilitated participation at the neighborhood level, encouraging citizens to form lasting neighborhood associations that would help guide each neighborhood based on the desire of its residents well into the future. In Phase I, a preliminary data gathering stage, planners gathered and assessed data from the 1970 census. After initial research was completed, Austin Tomorrow's mission statement indicated the importance of community participation and choice: "The research is aimed at identifying the realistic alternative for the future, and citizen participation allows people to select and refine the most suitable of these alternatives."<sup>83</sup> The document and other literature published by the planning department did not address what Austin Tomorrow would be an alternative to, however.

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<sup>83</sup> City of Austin Planning Department, "Austin Tomorrow – Today," (n.d.), 8. The planning department published numerous fliers, handouts, and brochures to publicize Austin Tomorrow starting around 1972.

Phase II began by identifying particular individuals who the planning department targeted as ideal candidates to form a 250 member Goals Assembly. The Goals Assembly was supposed to be made up largely of socially active citizens who were already in neighborhood associations and active in environmental or other planning groups. At the outset of Phase II they were chosen by individuals in the planning department. They were the first people to assess the various interim reports outside of the planning department, and then would go through training on how to interpret and communicate the information to other citizens. The assembly would then train another cohort of 1500 “neighborhood leaders,” citizens from all over the city, and those 1500 citizens would then run a series of fifty-six neighborhood meetings that intended to gauge the major concerns and issues directly from citizens. Lillie hoped that in all 10,000 citizens would participate in Austin Tomorrow and, because the city was broken into ten zones based on the 1970 census, a true geographic and socioeconomic cross section of the city would emerge. The 1,500 neighborhood leaders would report the findings back to the assembly, and the assembly would work along with the planning department to produce a document that reflected citizens’ concerns and objectives; this document would be central in creating and implementing a new city plan. The plan and growth program, Lillie guaranteed in an address to the Concerned Citizens for the Development of West Austin, “will go beyond the physical needs to the social needs of communities.”<sup>84</sup>

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<sup>84</sup> City of Austin Planning Department, “10,000 Citizens are Deciding the Future of Austin,” Newspaper insert, February, 1974. Quote is from N.A., “Lillie Asks Goals from West Austin,” *Austin American Statesman*, October 16, 1973.

Austin Tomorrow's ambitiously egalitarian methodology was obviously dependent on a very active and informed public, and the planning department was aggressive about advertising the program to all Austin residents. Ten thousand participants was an extremely lofty goal, representing better than five percent of the city's entire adult population. The initial public announcement was a large foldout titled "Austin Tomorrow – Today" that described the goals of Austin Tomorrow and its participatory methodology. Ten thousand foldouts were printed, and most were passed out at speaking engagements and in response to requests for information. Neighborhood meetings were advertised by 120,000 posters titled "Tomorrow is Today," which briefly described Austin Tomorrow and listed places and dates for meetings. Two hundred and fifty thousand bilingual leaflets providing descriptions and zones as well as meeting locations were printed and disseminated to stores throughout the city where they could be taken free of charge. The planning department also wisely included fliers in all 110,000 utility bills that the city mailed out in February 1974, guaranteeing that most Austin residents at least knew about Austin Tomorrow. The mayor's office dispatched 105 letters to Austin's major employers in 1974, encouraging participation at public meetings. In August of 1973, the planning department issued its first monthly newsletter entitled "Newsletter – City of Austin Planning Department" which apprised residents (at first the city's standard mailing list of local influentials as well as other organizations around the city and on campus) of the past month's activity and the next month's schedule. The Goals Assembly also prioritized promotion of Austin Tomorrow to minority residents, whom most city leaders felt would be an underrepresented group in Austin Tomorrow.

They hired two full time employees to promote Austin Tomorrow in minority neighborhoods, and arranged a number of public meetings.<sup>85</sup>

Austin Tomorrow's progressive approach was not lost on Austin politicians or other commentators, and there was a palpable excitement from officials and commentators in the months leading up to the announcement of the Goals Assembly's findings. Mayor Roy Butler called the program "the boldest, most ambitious plan that has ever been implemented in Austin's history." City Manager Dan Davidson lauded Austin Tomorrow for allowing citizens to "express themselves about what Austin is to become."<sup>86</sup> Trenton, NJ's *Sunday Times Adviser* brought Austin Tomorrow's story to a wider audience in 1975, arguing that the public nature of the planning methodology broke new ground in urban planning as "an example of government asking people directly" and undermined the stranglehold that developers and real estate powers had on urban planning. Given the ability to conceptualize and create their own space, citizens could perform a function in a much more democratic manner than could small groups of paid professionals.<sup>87</sup>

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<sup>85</sup> John Charles Walmsley, "City Planning, The Press and the Government: Citizen Participation in the 'Austin Tomorrow' Program in Austin, Texas," (Master's Thesis, University of Texas at Austin, 1975), 42-46.

<sup>86</sup>N.A., "Austin Tomorrow: A Bold Plan for Austin's Future," *City of Austin Employee* (June 1973)/Folder, "AF City Planning C4170 (3) Austin Tomorrow (Before 1974)"/Subject File, "Austin Tomorrow"/Austin History Center, Austin Public Library, Texas

<sup>87</sup> Michael Norman, "The Austin Experiment," *The Sunday Times Adviser*, (Trenton, NJ), August 24, 1975/ Folder, "AF City Planning C4170 (3) Austin Tomorrow (1974-)/Subject File, "Austin Tomorrow"/Austin History Center, Austin Public Library, Texas.

But problems were evident from the beginning in Austin Tomorrow. The first issue was, predictably, a lack of citizen participation, even among the citizens chosen to lead the program during Phase II. While the Planning Commission hoped that 10,000 citizens would participate, it was clear early on that this goal was unreachable; in all only around 3,000 citizens participated. Many who did participate were “a pretty well organized group of people along the same line of thought, the general public did not participate.”<sup>88</sup> Despite multiple efforts from the city, Austin citizens as a group did not engage with this opportunity. This lack of diversity among the participants led to a final product that was focused almost exclusively on particularly local, neighborhood-based issues and environmental issues. Early meetings were scheduled during normal working hours, which precluded large segments of the population from participating. Many residents felt that their voices would not be heard over the bifurcated leaders of the growth proponents on one side and the environmentalists on the other side. And many felt that the program was nothing more than a ruse used by Austin’s business leaders to propagate the illusion of democracy. Most alarmingly, very few of Austin’s minority residents or lower classes participated in Austin Tomorrow. This outcome was the direct effect of resignation already present in those communities regarding the city’s desire and ability to improve conditions in poor, minority areas. Rather than focus on issues pertinent to those areas – jobs, social services, and municipal services – minority residents correctly understood Austin Tomorrow as a program intended to funnel growth

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<sup>88</sup> Quoting *Austin American Statesman* editor Sam Wood in John Charles Walmsley, “City Planning, the Press and the Government,” 60. Interview took place on December 4, 1974.

into particular areas and preserve land values in other, more affluent Austin neighborhoods.

Early issues with participation ironically focused around the consulting groups that the City of Austin hired to implement Austin Tomorrow, National Leadership Methods (NLM). NLM was largely a source of concern among neighborhood groups that were active in early Phase II work, but they also promoted some agendas that appear inherently undemocratic. In the first article the *American Statesman* wrote on Austin Tomorrow, three neighborhood groups planned to withdraw from the Austin Tomorrow program because of a letter NLM wrote to the planning commission indicating that the public hearings would be a rubber stamp for elected officials.<sup>89</sup> When these concerns were assuaged, some residents began accusing NLM of complicity with the chamber of commerce, arguing that the group was little more than a mouthpiece for Austin businessmen. NLM did, in fact, set up initial Phase II meetings in the middle of the week during the middle of the day, which appeared to discourage participation rather than enhance it. Vocal residents were quick to point out the anti-democratic nature of the meeting times, but failed to mention that working people would be more adversely affected. NLM was, however, vocal about increasing African American and Latino participation if a true cross section of Austin's population was to be represented. NLM also indicated numerous times that Austin Tomorrow was not making any effort to

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<sup>89</sup> N.A., "Three Groups Hesitate to Back City Plan," *Austin American Statesman*, June 20, 1973; N.A., "Letter Confuses City Plan," *Daily Texan*, June 19, 1973.

encourage participation among business or civic leaders. In early 1974, the Planning Commission chose to part ways with NLM amid low citizen turnout at meetings and criticism of the consulting firm coming from newspapers and letters.<sup>90</sup>

NLM left the Austin Tomorrow process in early 1974, but attendance at Phase II meetings continued to lack amid accusations of “stacking the deck” by both environmentalists and business people. One of NLM’s last press releases accused the planning commission of stacking the Austin Tomorrow Goals Assembly with no growth advocates and students.<sup>91</sup> The planning commission had to hold eleven make up sessions for Phase II participants in early 1974 because of low turnout; even after these meetings were completed only about 1,000 of the 1,500 neighborhood leaders went through training.<sup>92</sup> Over 50 of the 250 appointed Goals Assembly members needed to be replaced in 1974 because of lack of participation in the program. Citizens were also skeptical because nearly fifteen percent of the Goals Assembly was made of University of Texas students whose interests in the program were short term and decidedly no growth. By the end of the program there were only 176 out of 250 projected Goals Assembly members, meaning that students likely made up an even higher percentage of the Goals Assembly.

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<sup>90</sup> N.A., “Confusion – Questions,” *Daily Texan*, November 21, 1973; N.A., “Goals Program Snags on Meeting Standards,” *Austin American Statesman*, December 4, 1973; N.A., “NLM President Outlines Austin Tomorrow’s Flaw,” *Austin American Statesman*, December 20, 1973; N.A., “Controversy Arises in Austin Tomorrow,” *Daily Texan*, January 10, 1974.

<sup>91</sup> N.A., “NLM President Outlines Austin Tomorrow’s Flaw,” *Austin American Statesman*, December 20, 1973.

<sup>92</sup> N.A., “Austin Tomorrow Future Looks Bright as Program Gets Boost in Participation,” *Austin American Statesman*, January 21, 1974.



No growth advocates were very active on campus and young, progressive politicians recognized the potential of engaging students in environmentally-friendly urban planning. The rapidly expanding university population provided a large, fairly organized segment overwhelmingly supportive of the liberal agenda in Austin city politics.<sup>93</sup>

Phase III began in February of 1974 with promising announcements from City Manager Dan Davidson, but the first meeting was anything but promising. When informed that Austin Tomorrow was a long range program designed to direct land use, a large portion of the 100 people at the meeting left; their only concern for attending the meeting was the desire to install new traffic lights in their neighborhood.<sup>94</sup> Attendance remained sparse throughout the ten weeks of Phase III meetings that were held around the city, although most citizens who attended understood that the program was intended to address long term planning issues. A variety of issues were addressed at each meeting, from the problems of suburban sprawl to utilities planning, public transportation, and billboards. By far, however, environmental concerns were the primary topic covered throughout the Phase III meetings. The Austin Tomorrow Interim Report concluded that the foremost concerns of Phase II and early Phase III meetings were creek development, solid waste disposal, uncontrolled development, and public space.<sup>95</sup> Occasionally

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<sup>93</sup> N.A., "City Plan Involves Students," *Daily Texan*, November 12, 1974 (1973?); N.A., "'Tomorrow' Panel Gains 12 Persons in Council Action," *Austin American Statesman*, September 27, 1974.

<sup>94</sup> N.A., "New 'Tomorrow' Attracts Neighbors, Lobby," *Austin American Statesman*, Feb. 19, 1974.

<sup>95</sup> The *Austin American Statesman* covered almost every Phase III neighborhood meeting between Feb. 19 and May 1, 1974. For example, see N.A., "Refunds, Growth Hottest Topics," April 6, 1974. The *Daily*

developers, builders, and trade unions sent representatives to meetings to advocate growth. Austin Tomorrow planners set aside one particular meeting in affluent West Austin where the Austin Association of Builders met with planners and citizens. One hundred members of the Austin Builders attended and debated with 120 suburban Westlake residents, almost all of whom were against continued urbanization.<sup>96</sup> Organized labor and business interests became increasingly skeptical of Austin Tomorrow as Phase III progressed and increasingly demonstrated what they considered to be a no growth or slow growth approach. A local AFL-CIO President, initially an active member of the Goals Assembly, dropped out after becoming disenchanted with the Goals Assembly's increasingly militant anti-growth stance. Labor and business leaders worried, like many newspaper editors, that the program was increasingly characterized by militant anti-growth supporters and did not represent a legitimate cross-section of Austin residents.<sup>97</sup>

By far, however, the greatest issue with participation was within minority communities. No group, publication, association, or the planning committee itself failed to make note of the paucity of participation among minority residents, and the planning commission made numerous attempts to increase participation among Eastside residents. Publications aimed at the African American community, like the *Austin Tribune*, also

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*Texan* covered many as well. See especially N.A., "Guest Viewpoint – Lake Austin: Wilding No More," *Daily Texan*, April 8, 1974.

<sup>96</sup> N.A., "Austin Growth Viewed as Curse or Blessing," *Austin American Statesman*, March 20, 1974.

<sup>97</sup> Wray Weddell, "Wray Weddell," *Austin Citizen*, January 25, 1974; Wray Weddell, "Wray Weddell," *Austin Citizen*, February 5, 1974.

supported Austin Tomorrow as a means for East Austin voices to be heard by other politically active residents.<sup>98</sup> Although more Eastside residents did participate as the program moved forward, largely because of special measures taken by the planning committee, they participated less than any of the other ten districts in the city, and the concerns they voiced often fell on deaf ears. Understanding this lack of participation, the historical and pragmatic reasons for it and the imagined geography of the city is key to understanding what truly democratic public policy entails. Austin Tomorrow was, of course, a process, an experiment in democracy, as much as it was a finished document directing growth in an emergent city. While the final Austin Tomorrow recommendation did not eschew the interests of minority communities, it was unable to assuage racial segregation and economic stagnation on the city's Eastside or provide a truly collective vision of the city's future.

Due in large part to the history of racism and racial segregation in Austin, Eastside residents who did participate in Austin Tomorrow had a much different agenda and much different focus than most other neighborhoods in the city. While other zones concentrated on environmental and land use issues, East Austinites shared more pressing concerns about jobs, municipal services, and public safety. One of the few Eastside meetings during Phase III makes this abundantly clear. In what was characterized as a

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<sup>98</sup> N.A., "Goals Program Snags on Meeting Standards," *Austin American Statesman*, December 4, 1973; N.A., "East Side Austin Tomorrow Attracts Few," *Austin American Statesman*, March 5, 1974; N.A., "Austin Tomorrow Notes Problems," *Daily Texan*, December 5, 1973; For *Tribune* support, see "Local Citizens Can Help Plan East Austin's Future," cited in Walmsley, "City Planning, the Press, and the Government," 99.

complaint session, twenty-five residents addressed a wide range of problems specific to the Eastside meetings. They asked for the city to give attention to the absentee landlord problem and to enforce housing codes and zoning regulations in their neighborhoods. Striking data collected during Phase I demonstrates how acute housing issues were in East Austin. In 1970, for example, East Austin contained twelve percent Austin's population, over half the minority population (and a much greater percent of the city's African American population), and forty-four percent of the city's substandard housing. While most of Austin became much more affluent during the 1960s, East Austin's housing stock actually deteriorated; the percent of substandard housing there rose by roughly eight percent. Concerns about slumlords were valid as well. Between 1960 and 1970 sixty percent of all residential construction in Austin was apartments. The percentage of apartments build between 1971 and 1973 was even greater, in large part due to the federal income tax shelter for development of rental property. By 1973 one-third of all living spaces in Austin were part of apartment complexes. In 1960 only ten percent of Austin residences were apartments. While the sharp increase in student population certainly accounts for some of the increase in apartment living, a relatively high percentage of Eastside residents rented rather than owned their homes. East Austin and the downtown/campus area also had a population density more than four times greater than the city as a whole, a sure indicator that it contained more apartments than the city generally.<sup>99</sup>

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<sup>99</sup> N.A., "East Austinites Complain at 'Tomorrow' Meeting," *Austin American Statesman*, April 29, 1974;

Residents at the meeting also focused on basic issues of public health, safety, recreation, and jobs. One of the most alarming issues was the need for a city-wide health education program along with free clinics and improved ambulance service. East Austin did not have a hospital, and ambulances took longer to get to East Austin residents. The Eastside had far fewer doctors per capita than West Austin, and many of the early migrants out of East Austin in the late 1960s and early 1970s were middle class professionals. Although the Eastside was geographically smaller and denser compared to other areas in the city, it lacked the open municipal park space that the rest of the city enjoyed. The Colorado River and reservoirs, along with Barton Springs and its creek, so crucial to the recreation of residents downtown and on Austin's west and northwest sides, did not benefit Eastside residents nearly as much, who suffered hot summers with few public spaces near water. Eastside residents also felt the lack of public transportation much more acutely than did other Austin residents, who were much more likely to own a car. Finally, every meeting on the Eastside had a focus on the economic instability there and the lack of available jobs and industry. While Austin's economy as a whole exploded in the 1960s, minorities found little improvement in their economic opportunities or their quality of life during that decade.<sup>100</sup>

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John Ferguson, "One big damn subdivision," *Texas Observer*, November 16, 1973, 3-6; "Austin Tomorrow Interim Report: Housing."

<sup>100</sup> N.A., "East Austinites Complain at 'Tomorrow' Meeting," *Austin American Statesman*, April 29, 1974; N.A., "East Austin Absentee Ownership Allegedly Zoning Problem Cause," *Austin American Statesman*, March 19, 1974; N.A., "Tomorrow Suggestions Voiced in Spanish, English," *Austin American Statesman*, April 10, 1974.

Minority residents who did participate in Austin Tomorrow obviously had very different concerns from the city as a whole. But an even greater issue is that so few of the city's minority residents chose to participate, even though Austin Tomorrow leaders made minority participation a main goal. Each of the minority run newspapers and publications in Austin provided information about Austin Tomorrow and usually encouraged readers to participate. Participation, however, lacked during the Phase II and III portions of the program but also well into the future, in the period between when Austin Tomorrow's recommendations were published and when the new version of the Austin City Plan, based in part on the recommendations, was adopted. In 1978 an Austin Tomorrow Ongoing Committee sent out questionnaires to residents and neighborhood associations about the city's progress concerning major issues detailed in the final Austin Tomorrow report. The planning commission received hundreds of completed questionnaires from all over the city, except the zones representing majority African American and Latino areas on the Eastside. One resident partially completed a questionnaire, and all of the nine neighborhood groups declined to participate in the study.<sup>101</sup> The lack of support among minorities, while probably a bit stunning to the committee, was not out of line with the consistent frustration minority residents felt with both the Austin Tomorrow program and city's specious efforts to provide equal municipal services to the Eastside.

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<sup>101</sup> City of Austin Department of Planning, "Austin Tomorrow Ongoing Committee: Your Austin 1978,"/ Folder, "AF City Planning C4170 (3) Austin Tomorrow (1974-)/Subject File, "Austin Tomorrow"/Austin History Center, Austin, Texas.

The frustrations inherent to East Austin politics were reiterated by independent newspaper editors in Austin's African American and Latino communities. *Villager* editor T. L. Wyatt, an active member of the Austin Tomorrow Goals Assembly, was nonetheless very skeptical of the both the program and its effects for his largely African American readership. Wyatt claimed that the completed report would be "of very little or no value" largely because it was redundant and would follow the data recommendations regardless of what the population desired. His comments on his readers' participation in Austin Tomorrow demonstrate an even greater apathy

As far as Austin Tomorrow goes, my readers have had no interest in it from the beginning, because they've always seen it as a do nothing program . . . Every time the time comes for them [the city] to make some improvement in this part of town, the money always runs out . . . The only way to get them involved again is to take action on some of the things the city already has to do.<sup>102</sup>

Wyatt was also initially disheartened because the original Austin Tomorrow staff lacked any Black or Chicano representation throughout 1973, until Sharon Fisher was hired to be the Planning Department's minority participation coordinator.

Marcello Tafoya, editor of the short-lived Latino publication *Echo*, was even more acerbic in his condemnation of the program and of the city's treatment of minority residents

You have to remember that for countless number of years the Mexicano has never gotten his fair share . . . So, here they come with this Tomorrow program and a big bang – "we need you, we need this, we need to know this . . ." And all the Mexicanos say "we done told you what we

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<sup>102</sup> Quoted in Walmsley, 106.

needed, why go through the hassle all over again.” So, to the Chicano, all they thought is another cover-up by the city to get federal funds . . . . “We’ll [the city administration] get our money and then used it somewhere else.<sup>103</sup>

Tafoya, well aware of how urban renewal operated in Austin and of the city’s industrial vision for his community, was even more aggressive in emphasizing how little Austin’s Latino community cared about Austin Tomorrow’s findings; when asked how much the community cared he replied “zero.” He continued

We found out that in the master plan East Austin doesn’t exist. In the master plan, East Austin is going to be the industrial area of Austin and everybody is to be moved out into the different suburbs . . . The city has always said “well, why go in there and rebuild it, when it’s not going to be there anyway twenty or thirty years from now.”<sup>104</sup>

Tafoya also explained that he went downtown to meet with Austin Tomorrow planners on several occasions, but rather than listen to his opinions on how to incorporate East Austin into the program, they seemed more interested in putting him on radio or television to endorse Austin Tomorrow.

Wyatt and Tafoya voiced issues that appear to be emblematic of the frustration and exasperation felt throughout African American and Latino communities, especially on Austin’s Eastside. To them and other residents, the self-serving, discriminatory interests of the city and most Austin Tomorrow participants were certainly axiomatic. It

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<sup>103</sup> Quoted in Walmsley, 116.

<sup>104</sup> Walmsley, 116.



is clear from data analysis that Austin's booming period during the 1960s, and from the end of World War Two more broadly, largely skipped over minority neighborhoods. Like many urban centers, Civil Rights gains in Austin during the 1960s did not come with attendant socioeconomic benefits for poor minority residents; in fact the promise of Civil Rights victories without economic gains became a source of tension in minority communities. Although minority Austinites did not riot on the scale of many larger cities in the 1960s and 1970s, discrimination in housing, employment, and social services was acute. The Sunbelt shift appears to have only affected particular areas and people in Austin.

Failure to attract minorities and blue collar workers is also evident in the percentage of participants who meaningfully engaged in Austin Tomorrow. Strikingly, almost exactly the same number of minorities participated in the Goals Assembly and in Phase II as did high school and college students combined, the majority of which were University of Texas students whose permanent residences were not in Austin. In Phase II, only six percent of participants were African American despite the fact that over fourteen percent of Austin's population was African American. Mexican Americans were also underrepresented in both the Goals Assembly and in Phase II. There was also a class bias, especially in the Goals Assembly and Phase II. While thirty-four percent of the city-wide participants described themselves as either a "Blue Collar & Service" worker or a "clerical" worker, only eleven percent of the Goals Assembly and Phase II participants described themselves as such. In fact, roughly eighty percent of the Goals Assembly and

Phase II participants were either “professional,” a college student, or “not in work force.” The majority of the final group was affluent and middle class women, many of whom participated in neighborhood and environmental groups around the city. Clearly, representation was not equal. Especially at the top levels, Austin Tomorrow was controlled by a fairly specific group of actors that was much more homogenous than the population at large. Demographic statistics bear this out, as well as public opinion that was documented in almost all newspapers and other publications at the time.<sup>105</sup>

Upon Austin Tomorrow’s inception, then, Austin was very much a bifurcated city in terms of race, class, and opportunity, which complicated the program’s ideas of producing democratic urban space and led to both a lack of participation and a focus on the needs of only part of the population. Planners never understood that history and geography played key roles in East Austin’s frustrations; to them a lack of communication was the key difficulty to overcome, despite the fact that communication about Austin Tomorrow was ubiquitous. Rather than acknowledging and trying to understand the historical and geographical reasons for the city’s race and class fractures, Austin Tomorrow planners chose to invoke the language of populist democracy and egalitarianism when conceiving and promoting the program. They viewed Austin as largely static, and as a citizenry with a semblance of uniformity in matters of spatial production and socioeconomic ideology. Years of racial segregation allowed for easily

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<sup>105</sup> City of Austin Department of Planning, *Austin Tomorrow Comprehensive Plan* (Austin: City of Austin, 1980), 7.

definable discourses and mental maps of the city that reinstitutionalized patterns of segregation and disadvantage long after municipally-sponsored segregation ended. Segregated mental maps were incorporated into *Austin Tomorrow* from the outset.

Institutional and assumed segregation was obvious in the way that *Austin Tomorrow*'s planners conceived of the city's urban geography and segregated maps implicitly informed the Goals Assembly's visions of future spatial production in Austin. The Goals Assembly's acceptance of predetermined geographical boundaries for the program clearly demonstrates an institutionally segregated city. Rather than reframing Austin based on a racially integrated mental map, the earliest zone maps produced by the planning commission rigidly conformed to antiquated notions of spatial production in Austin and reinforced segregation. Simply, *Austin Tomorrow*'s zones were based on census tracts that were created during segregation and reflected segregated practices and ideologies. Two tracts covered the African American sections of the Eastside (one of them also incorporated an increasingly dilapidated, low residence central business district) and one zone covered the Latino neighborhoods to the south. Unsurprisingly, these three zones showed some of the lowest participation among all the zones citywide, and the primary concerns they voiced in Phase III were not reflected in *Austin Tomorrow*'s citywide recommendations.<sup>106</sup>

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<sup>106</sup> City of Austin Department of Planning, *Austin Tomorrow Comprehensive Plan* (Austin: City of Austin, 1980), 5.

It is certainly unfair and ultimately futile to blame urban planners for using census maps to determine Austin Tomorrow neighborhood zones, but the mistake was nonetheless a crucial one. Conceived spaces, usually determined by professionals, codify and represent space. As Henri Lefebvre argues, conceived spaces also impose order based on social relations, and impart a sense of rigidity and timelessness to produced space. Census maps that reflected a segregated geography in Austin also served to reinforce that sense of segregation. Old patterns of segregation were left untouched, and unmentioned, by Austin Tomorrow.

This segregated mental geography and fractured zone map were sutured over, however, by a discourse of democratic, egalitarian participation consistently employed by city planners. Instead of encouraging the different zones to each accurately reflect the city's demographic profile or include zones that allowed for more cross-neighborhood dialogue, Austin Tomorrow insisted that the main goal was to attain zone meetings that accurately reflected each zone's population and generic demographic profile. While in theory representative of the entire population, the outcome was largely homogenous zones based on largely homogenous neighborhoods that very clearly reflected the segregation endemic to the city. The majority of participants, most of whom supported low or no growth platforms characteristic of burgeoning environmental movements at the time, had their views reflected in the final document's citywide goals. The most positive effect of the neighborhood zones was a great increase in the amount of neighborhood associations and in awareness of development taking place in Austin's neighborhoods.

Unsurprisingly, new Eastside neighborhood associations in the 1970s focused on defending neighborhood integrity, economic stimulus, and infrastructural improvements; Westside groups tended to focus on containing traffic, open space, and low growth mixed with strong environmental regulation.<sup>107</sup>

In most instances the Austin Tomorrow Comprehensive Plan was extremely progressive in terms of advocating environmental restraints in building codes, permits, and development more broadly, although implementation proved difficult against a powerful growth coalition and city government. The plan was one of the first concerted efforts at environmental protection in the city's history and included some astute policy recommendations, particularly regarding water pollution. The plan adamantly discouraged development along creek beds, in particular floodplains, and on or around the Edwards Aquifer Recharge Zone. The majority of the city's water pollution came from urban runoff, including concrete, which eventually made its way into the Edwards Aquifer, one of the largest aquifers in the world and a significant source of drinking water and recreational green space for the city. The plan also drew on Austin's unique relationship to the natural environment and viewed naturally beautiful settings and unique vegetation and animal life as important assets to the cultural life of the city. This facet also included provisions against increased impervious land coverage in sensitive areas and a minimal amount of new roads on the aquifer and in existing subdivisions. It also

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<sup>107</sup> City of Austin Department of Planning *Austin Tomorrow Comprehensive Plan* (Austin: City of Austin, 1980), 7. For environmental groups, see Swearingen, *Environmental City*, Chapter 2.

encouraged the city to purchase as much environmentally-sensitive and unique undeveloped land as it could in the hope of saving as much of it as possible. A second feature of the plan was the creation of a data gathering mechanism that would determine where new sustainable development could and could not occur. Developmental constraints would then be based on the physical and engineering constraints of particular parcels of land, such as erosion potential and slope stability. These constraints would foster both sustainable environmental practices and provide for public safety.<sup>108</sup>

The Comprehensive Plan also included a proposed subdivision ordinance that was intended to be a cornerstone for implementing most of the water-based environmental restrictions that the plan advocated. It also emphasized particular restrictions on development that would prove crucial to Austin's physical landscape and tendentious to developers in the coming years. The first focused on density, which the plan defined as "the number of dwelling units per acre of land." Because density has a direct impact on utilities, roads, social services and the like, and because it affects the natural landscape and hydrological systems, density standards should be enacted instead of lot size standards, which should ostensibly encourage more open space in planning. Second, the plan advocated an open space ratio that would allow for a necessary number of developments while discouraging development on floodplains or other dangerous or

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<sup>108</sup> City of Austin Department of Planning, *Austin Tomorrow Comprehensive Plan* (Austin: City of Austin, 1980), 35-45.

sensitive areas. Third, the ordinance desired the lowest possible amount of impervious land coverage.

### **Austin Tomorrow's Legacy**

By most accounts, Austin Tomorrow was an abject failure because it lacked any institutional authority and was disregarded as radical leftist environmentalism by business and political leaders in Austin. One journalist claimed that its recommendations were “mostly ignored,” leading to another two decades of reckless growth driven by free market real estate developers seeking profit through environmental degradation. The Austinplan, carried out throughout the 1980s, was an attempt to institutionalize Austin Tomorrow's recommendations, but it was defeated by developers in 1988.<sup>109</sup> Today, acute urban sprawl, underdeveloped public transportation systems, and some development in sensitive areas are part of the price Austin pays for disregarding Austin Tomorrow's recommendations.<sup>110</sup> Many commentators during the 1970s viewed it with frustration, as average Austinites were largely left out of the planning process, or with disdain because it had no authority to create laws based on its recommendations. But, urban growth did conform to many of Austin Tomorrow's regulations, particularly at the neighborhood level.

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<sup>109</sup> Swearingen, *Environmental City*, 205.

<sup>110</sup> Marty Toohey, “City Plan in 1970s Reflected what Austinites Wanted, but not all of it was Implemented,” *Austin American Statesman*, September 25, 2010.

William Swearingen, though, views Austin Tomorrow as one attempt among many to maintain the “environmental meaning” of Austin in the face of rampant development as urbanization steadily occurred. As a democratic planning initiative, he locates Austin Tomorrow within the broad framework of environmentalism in Austin, and views it as a positive act in the battle over development. As a didactic program, Austin Tomorrow taught citizens how to effectively combat development through grassroots organizations and municipal political channels and encouraged them to organize into neighborhood associations; between 1977 and 1979, the number of neighborhood associations in Austin more than doubled, from twenty-nine to sixty-six, all working under the umbrella of the Austin Neighborhoods Council (ANC). By the mid-1990s close to 400 neighborhood and environmental groups existed in Austin, an incredible amount for a city with less than 600,000 residents. Neighborhood associations became the primary channels for voicing developmental and environmental concerns for Austin residents. Swearingen goes even further, arguing that “neighborhood organizations and the environmental movement have been the two main engines of the movement for place in Austin.”<sup>111</sup> But the focus on neighborhood level planning also had an undesired effect: it further fractured the city by local interests and made municipal level planning as well as geographically diverse coalitions difficult to maintain. As neighborhoods became increasingly defined by class status, neighborhood-interests

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<sup>111</sup> Swearingen, *Environmental City*, 217.



became more homogenous and simultaneously more differentiated from other areas of the city.

Who exactly had access to a “place in Austin” remained contextualized by the brutal history of segregation and racial oppression well into the 1980s. Progressives associated with Austin Tomorrow chose the environment and the integrity of their neighborhoods over dispossessed citizens in their battle for place in the 1970s even as open housing faltered and African Americans were kept out of white schools and white social and economic life. Although many progressives supported social justice movements in Austin, clearly grassroots progressive causes favored the landscape over the urban. This is unsurprising given the city’s mental and symbolic geography and the myriad efforts to keep the city non-industrial throughout its history. The conceived space that made up Austin’s symbolic landscape and sought to order the city in a particularly environmental image had little meaning in the everyday lives of most East Austin residents who were not able to enjoy nature as much because of segregation and the uneven distribution of municipal improvements and services. While Austin progressives were not the main forces that supported segregation in Austin, they did fail to imagine a city without the rigid borders inscribed on the landscape for fifty years. Austin’s history of segregation and conservative grassroots movements kept minorities largely invisible and silent among the neighborhoods of West Austin. The environment, discursively Austin’s primary positive quality and most recognizable and egalitarian feature, was not shared equally by all residents because of the city’s segregated geography. Imagined as

leisurely, democratic, and bucolic, Austin's open spaces, springs, and creeks were much easier to fight for than the dilapidated urban ghetto on the other side of town, even as more dangerous environmental problems affected the Eastside. Austin was, after all, a natural city.

## **TECHNOPOLIS: UNIVERSITY-CORPORATE ENTREPRENEURIALISM AND NEOLIBERALISM IN AUSTIN, 1975-1995**

By 1999 the story of Michael Dell's meteoric rise to the pinnacle of the "new economy" was ubiquitous in American popular culture. Dell's high tech bootstraps narrative followed a do-it-yourself model typical of other computing origin stories: from the humble beginning of PCUnlimited, the forerunner to Dell Computer Corporation started by Dell in his dorm room at the University of Texas at Austin in 1984, the company had become one of the most successful in US history in less than a decade. Between 1990 and 1999, one dollar invested in Dell would have yielded \$684, an increase that brought jobs and revenue to Austin and almost single-handedly lifted the city out of economic stagnation created by overdevelopment during the late 1980s and creating the neologism "Dellionaires" to describe the initial investors who rapidly became millionaires with Dell's rise. Michael Dell himself was the richest Texan of all time and the youngest Fortune 500 CEO ever by the time he was thirty-five. Dell also took advantage of the local technological agglomeration that had taken hold in Austin by the 1990s, and some early financing and consulting came from former Dean of Business School and entrepreneurial guru George Kozmetsky and other local investors, many of whom were affiliated with the university. IBM, long an Austin mainstay, became Dell's leading supplier of parts during the 1990s, and Advanced Micro Devices (AMD), another of Austin's early tech firms, supplied semiconductors. Rarely has a region benefitted so

thoroughly and so quickly from the rise of a single company. But Dell was also undoubtedly engendered by Austin's technologically-energized fabric as well, created in the cauldron of the city's complex mix of knowledge, capital, and entrepreneurialism growing since World War Two.<sup>1</sup>

Dell's windfall profits marked the apogee of economic success for Austin and solidified the city as one of the United States's premiere "technopolises," fulfilling many predictions of greatness from growth minded Austinites and techno-utopists<sup>2</sup> who had invested in Austin's future for many years. For decades, city and university leaders worked in consort to build Austin's industry without smokestacks, dreaming of a clean industrial agglomeration that would attract highly paid knowledge laborers working for prestigious companies and drive the city's tax base up. An added benefit was that new industries in Austin would attract a minimal amount of low-skill, low-wage workers. The foundation of this technopolis was sustaining itself by the 1960s, as TRACOR and IBM fostered vigorous growth, especially in lucrative programs such as business and engineering, at the University of Texas (UT). By the late 1970s and into the 1980s, widespread liberalization of technology patent laws, a renewed emphasis on technology commercialization, and a fiscal austerity produced by nascent neoliberal policies positioned Austin for spectacular growth. In the 1950s and 1960s Austin was a market

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<sup>1</sup> Daniel Roth, "Dell's Big New Act," *Fortune* 140.11 (December 6, 1999), 152-155; Evan Smith, "Michael Dell," *Texas Monthly* 27.12 (December, 1999), 158.

<sup>2</sup> In this context, I am using the phrase "techno utopist" or "utopia" very particularly, to describe not just the somewhat widespread ideology that technology can produce utopia or create a more positive, vibrant society. "Techno utopia" also includes the belief that that free market principles (neoliberalism) are essential to disseminating and commercializing technology efficiently and the proper combination of technology research, business climate, and entrepreneurialism can create a better world for everyone.

niche city whose leading sectors were higher education, leisure, and a growing technology component; by the 1980s that niche had become the leading sector for urban and capital accumulation in the developed world, and Austin was poised to take advantage of the “new economy,” based more on knowledge than on traditional modes of industrial production. To put this another way, federal policy and global economic conditions changed markedly during the 1970s and 1980s; Austin’s economic plan, and the university’s efforts to commercialize knowledge, did not demonstrate a radical change. Rather, they became more defined, coordinated, and aggressive in an effort to take advantage of new opportunities for growth. The city’s knowledge base, low cost of living, and quality of life were increasingly important factors for attracting coveted mobile capital and profiting from cutting edge technology.

An equally important external ideological shift that bolstered Austin’s position as a technopolis was the State of Texas’s new investment in a high technology economy. For decades, the Texas economy was driven by oil production. During the 1970s it became increasingly clear that oil production would not provide the significant revenue for the state that it had in the past. Diversification became paramount. Texas business and academic leaders, along with Governor Mark White, increasingly viewed high technology business as the area with the greatest potential to supplement oil revenues, and they began to understand technology as a means to reorganize and reinvigorate the state’s economy. Austin quickly became the most logical location to enhance technological accumulation because of its already existing knowledge capital and

established reputation as a site of culture and recreation. The State of Texas invested millions of dollars of capital into Austin's economy in the hope of establishing the city as a center of technology research and production. In 1983 the highly-prized new research consortium Microelectronics and Computer Corporation (MCC) chose to locate in Austin, in a competitive bid over fifty-six other cities, demonstrating the city's potential as a technopolis and immediately generating a national discourse about its advantages.

This chapter argues that Austin's technological landscape and relationship to the University of Texas generated a unique type of capitalism and urban space, well suited to radical changes in global market conditions in the 1980s, which gave the city a significant competitive advantage in attracting technological and research capital. Austin's intense urbanization in the 1980s and 1990s was a direct result of absorbing surplus capital generated by defense-minded neoliberal regimes at the federal level and at the university; state and private sources also made Austin the center of technological investment for Texas as a means to reorganize and diversify the state's leading sectors away from a dependence on energy production. From an ideological perspective, Austin's leading capitalist sector had been the high tech and research and development apparatus that grew slowly out of the university and the BRC starting in the 1950s. By the 1980s the university's corporate model, undergirded by a nearly ubiquitous free market ethos in terms of technological commercialization, blended well with Austin's efficient business-friendly economic model characteristic of the Sunbelt to form a city very well adapted to the new challenges of global capitalism and its attendant

competition for resources. The State of Texas and private business interests around the state also focused large amounts of capital in Austin with the purpose of expanding the technological base of the region. They also worked to generate optimal conditions to attract the best knowledge laborers to the city. Government, academia, and business were highly coordinated in Austin, giving the city a competitive advantage, and state policy focused on Austin as a center of high tech accumulation. This successful strategy manifested itself most clearly when Austin won competitive bids for research consortiums Microelectronics and Computer Corporation (MCC) in 1983 and Sematech in 1987. As such, regional neoliberal culture, nourished by powerful elements affiliated with the Business and Engineering Departments at UT and much of the Austin and Texas business community, were able to attract the capital necessary to engender the technopolis using discourse, ideology, and political power. Neoliberalism in Austin's technopolis, however, demonstrated a variety of ideological contradictions by relying heavily on public funds to capitalize many initial investments. It quickly became clear that Austin's method of accumulation was highly successful: by 1991 high tech companies in Silicon Valley were touring Austin to figure out how the city had gained a competitive advantage over the more established California tech hub.<sup>3</sup>

The chapter looks at three examples of Austin's emergent techno-capitalism, which was unlike any urban or regional capitalism of the time. Austin is similar to other older sites of concentrated technological production such as Silicon Valley in Santa Clara

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<sup>3</sup> See Daniel Southerland, "The Rise of the Texas Tekkies," *The Washington Post*, November 9, 1992, H1.

County, California, and Route 128 outside Boston. Unlike Silicon Valley, with its long standing liberal, casual business traditions in the technology arena, Austin's techno capitalism was driven by a unique blend of free market ideology, an academic business model, and regional cooperation.<sup>4</sup> Austin's technological industry was not heavily influenced by the city's counterculture. One journalist unintentionally captured this chasm: "For Austin, the counterculture movement of the 1960s wasn't confined to hippies in tie-dyed shirts. There was also a revolution of business people in blue suits. . . . [In 1963] IBM's mandated apparel – bland ties and stark white dress shirts – exemplified conservatism in Austin."<sup>5</sup> As such, my work indicates that, contrary to Richard Florida's arguments, Austin's economic prowess developed largely independently of the cultural and social apparatus central to Florida's formulation. Tolerance and diversity were not key factors in the city's rise to prominence as a hub of research and development and electronics manufacturing. Instead, Austin's technological agglomeration evolved directly out of related free market institutions that worked closely with state and local governments and the university to fund growth through defense-related spending. Austin's success stems from cooperation between public and private sectors, both of which subscribed to entrepreneurial growth models.

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<sup>4</sup> AnnaLee Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (Cambridge: Harvard University Press, 1994); Christopher Lecuyer, *Making Silicon Valley: Innovation and the Growth of High Tech, 1930-1970* (Cambridge: MIT Press, 2006); Lee, Chong-Moon, William F. Miller, Marquiritte Gong Hancock, and Henry S. Rowan, eds. *The Silicon Valley Edge: A Habitat for Innovation and Entrepreneurship* (Palo Alto: Stanford University Press, 2000).

<sup>5</sup> Colin Pope, "IBM, MCC led to AMD," *Austin Business Journal*, Feb. 2, 2002.

<http://www.bizjournals.com/austin/stories/2002/02/11/story5.html>, accessed July 30, 2011.



Second, I look at the UT Business School's relationship with the rapidly expanding technological research apparatus on campus and its efforts to support technology transfer for profit after the Patent and Trademark Act of 1980, which had enormous effects on university patenting and corporatization in the 1980s and 1990s. The Graduate School of Business was founded very recently, in 1964, but emerged as a national powerhouse under Dean George Kozmetsky in the 1970s and 1980s. Kozmetsky oversaw a series of attempts to create new business ventures and to nurture emergent and lucrative technological research at UT, ultimately creating the think tank Institute for Constructive Capitalism (ICC, name later changed to IC2), the Austin Technology Incubator (ATI), and other programs designed to commercialize and nurture the school's technology research. These activities were expressly focused on capital accumulation for the university, entrepreneurs, and investors with an ideological component that considered the combination of technological development and free market capitalism as sacrosanct for creating techno utopia. While techno utopist rhetoric validated entrepreneurialism by imagining growth as even and patriotic, in reality the benefits of growth accrued almost exclusively to investors, scientists, and others with technological capital.

Third, I detail the marketing of Austin as a technopolis, which was undertaken by a variety of actors who sought economic reorganization around a high tech model. Austin won competitive bids for the research consortia MCC in 1983 and Sematech in 1987. These two consortia bolstered Austin's already impressive reputation as a technological

center and generated an intensification of high tech agglomeration in Austin and at UT. When Austin was awarded MCC the city and university became centers of investment, both public and private, in Texas. MCC's presence and university investment also generated a considerable number of organizations dedicated to accumulation and reinvestment of capital in Austin. Venture capital companies, funded both publicly and privately, immediately organized to facilitate local technology startups and spinoffs, and the university continued to invest public money in private startup companies. The technological agglomeration that flourished in Austin throughout the 1980s also generated forms of spatial production largely consistent with the city's existing, decentralized, and uneven patterns of investment. MCC also generated some externalities in Austin including a spike in real estate values, overinvestment in office space, environmental damage, and concerns over Austin's culture and heritage.

### **The Geography of Knowledge Industries and Agglomeration**

To Robert W. Preer, the concept of technopolis indicates something more particular than simply a public realm or city built on technology. He defines technopolis as “a region that generates sustained and propulsive economic activity through the creation and commercialization of new knowledge. . . . A technopolis is not merely a concentration of high-technology firms or research and development organizations. At the center of technopolis is the creative process of developing new technologies and translating them

into commercial products or processes.”<sup>6</sup> There are two important facets of this definition. First, a technopolis must drive the creation and expansion of new technological industries in a given region. Second, technological development must be accompanied by a business apparatus whose function is the commercialization and marketization of technological commodities. So, the success of a technopolis depends on the creativity of individuals and technology-based firms, but also on the ability of institutions to bring those inventions to market efficiently and in a manner that encourages further business growth, either from relocations or startups. This blending of business and science, Preer argues, amounts to the entrepreneurial capacity of a region.<sup>7</sup>

It appears that all technopoli have certain similar qualities. The particular developmental qualities of each technopolis, however, are not understood as well as the overarching theory of technopolis presented by scholars such as Preer and other regional growth experts. In fact, almost all studies of technopolis generation in the United States focus on either Silicon Valley outside San Francisco or Route 128 outside of Boston, with a significant majority studying Silicon Valley. Austin presents a more recent case than Silicon Valley or Route 128, as well as a different region with decidedly different business customs, economies, and urban situations than other technopoli. Time as well as geography present variables that need to be addressed in terms of technological development. While it is apparent that defense spending and research contracts were essential to all technopolis development, UT’s emergence as an engineering powerhouse

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<sup>6</sup> Robert W. Preer, *The Emergence of Technopolis: Knowledge-Intensive Industries and Regional Development* (New York: Praeger, 1992), quoted on 55.

<sup>7</sup> Preer, *Emergence*, 54-64.

was driven much more by the Business School and its research apparatus than was Stanford, for example, whose engineering and science departments evolved research centers and government contracts on their own.

A large body of evidence does exist confirming that high technological production does tend to cluster, and that the benefits derived from clustering are strong because of the social nature of technological production as well as the more traditional economic factors such as economies of scale. One reason for this centralized geography is that technological innovation, because much of its output is so specialized, is generally geared towards global markets. If a region specializes in a particular product or process, concentration benefits firms looking to capitalize on that market. Second, because high tech is extremely knowledge based, firms and workers benefit from being in proximity to centers of related research as well as from informal social relations with other industry workers. The specific, niche-driven nature of high tech production is also conducive to an unusually high level of spinoff firms. A spinoff firm is generally originated by small groups of laborers at a larger firm who find a market niche in their work and seek to exploit it with their expertise. Because they are usually tied into local social relations and to local supply markets, spinoff firms also add to high tech agglomerations. In high tech industries profits are maximized by getting products to market efficiently, because products tend to be unique, rather than by depressing labor costs, so high tech firms are less likely to seek geographic relocation in areas with lower labor costs. They rather seek regions with highly skilled labor markets. The obvious outcome of this is a revalorization

of highly skilled labor as the primary component of success in the high tech market. Finally, technological agglomerations have demonstrated a strong tendency to perpetuate themselves, meaning that the more robust a cluster becomes the better the chance it continues to grow.<sup>8</sup>

Like older forms of industrial agglomerations, knowledge-based capitalist agglomerations coalesce because of a variety of factors, including ease of communication and product overlap, economies of scale, and related industrial formation. But, proximity to materials, markets, and transportation facilities is less important in technological agglomerations because the main form of capital is not material or labor power but rather knowledge and research investment. As such, proximity to existing centers of knowledge and research is increasingly critical to technological location, but, as production becomes unhitched from particular geographic markets, it is also obvious that competition among locations has an increasingly important role in attracting technology-based outfits. As the geography of production matters less, unique place characteristics matter more, including economic factors such as investment potential, venture capital, and cost of living; existing knowledge infrastructure such as research parks and universities; and cultural and social factors like entertainment, recreation, and education. The importance of unique place characteristics is precisely why understanding the particular qualities of Austin's nascent yet vigorous agglomeration is important for understanding locational advantage, and as

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<sup>8</sup> Allen J. Scott, "Capitalism and Urbanization in a New Key? The Cognitive Cultural Dimension," *Social Forces* 85.4 (June, 2007):1465-1482; Saxenian, *Regional Advantage*.

something of a warning against using Austin's situation as a model for other metropolitan areas.

Over the decade following 1983, MCC proved to be less of an independent economic force for Austin than most prognosticators expected when the consortium chose to locate there. But without question MCC brought a significant social and symbolic benefit to Austin and the University of Texas on a national level, which in turn engendered rapid growth as well as some externalities; it was also the catalyst for another major round of urban and economic restructuring in the city based on a rapidly growing technological agglomeration. It appears clear that one major reason for Austin's agglomerative strength in the 1980s and 1990s was the investment it received as a technopolis from the state and other private benefactors who wished to see Austin flourish as a benefit to the state and regional economy. It also appears clear that UT's ability to provide economic investment, capital, industrial/research space, labor, discursive support for entrepreneurialism, and knowledge acquisition were important to MCC and other private companies that either relocated to Austin or began there in the 1980s and 1990s. Finally, as Peter Hall has argued, it seems probable that Austin's lack of prior industrial development, which can inhibit the growth of newer industrial formations and research and development initiatives, was an agglomerative force in terms of quality of life, space, and investment potential.<sup>9</sup> Certainly, winning the MCC bid began a process that radically altered the university and city towards even more overtly

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<sup>9</sup> Peter Hall, "The Geography of the Fifth Kondratieff," in Peter Hall and Ann Markusen, eds. *Silicon Landscapes* (Boston: Allen & Unwin, 1985): 1-19.

entrepreneurial functions, began a significant round of urban and capitalist restructuring, and generated an array of questions relating to urban growth and quality of life in the young technopolis.

Austin's technological growth in the 1980s offers scholars a chance to analyze technological agglomeration in a new region and under new macroeconomic regimes relative to other U.S. technopoles. While a glut of literature has been produced looking at Silicon Valley,<sup>10</sup> a paucity of scholarship exists on Austin's technological growth, especially outside of the University of Texas Schools of Public Policy and Urban and Regional Planning. This lack of research may be an outcome of Austin's relatively late entrance into technopole status; scholars may also assume that Austin's trajectory simply mirrors the growth of Silicon Valley or that Austin's main economic engine has been cultural output rather than high technology, which remains a dominant narrative in public discourse. Recent publications have focused almost exclusively on Austin's quality of life, sense of place, and other social and cultural aspects of urbanization.<sup>11</sup> Furthermore, Austin's success is being used as a model for other cities attempting to engender technological growth or, less precisely, trying to emulate Austin's success as a "creative city" in Richard Florida's formulation without a real knowledge of how Austin's economy developed and under what specific conditions it flourished or, alternatively, generated economic and social unevenness.

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<sup>10</sup> In fact studies of technological growth in the 1980s, mostly undertaken by geographers and economists, seem to rise up in direct response to Silicon Valley and to a lesser degree to Boston's Route 128 technological corridor.

<sup>11</sup> Long, *Weird City*; Swearingen, *Environmental City*.

One of the most important characteristics that Silicon Valley and Austin shared, but that is not common to many major metropolitan areas, was the type of labor market they possessed. As discussed in Chapter Two, widespread mechanization of the agricultural industry in the South during the 1930s and 1940s and the vigorous labor market in many industrial cities caused by the U.S. entry in World War Two generated intense patterns of migration to cities, particularly northern industrial centers but also increased migration to existing cities in the South and West. Many of these migrants were low skill agricultural workers who came to cities for similarly low skill jobs in heavy industry. As heavy industry slowly mechanized, contracted, or migrated out of urban centers after the war, many migrants found themselves without work and with declining economic prospects, characteristic of what sociologist William Julius Wilson called the “Truly Disadvantaged,” increasingly segregated geographically, socially, and economically from middle class Americans. At the same time, the sustained outmigration of citizens and industries, especially in the 1970s, from inner city to suburbs, left municipalities with a net tax drain, dilapidated industrial and residential infrastructures, declining funding for education, social services, and recreation, and a general deterioration in quality of life among urban residents. The decline, mixed with the lack of knowledge and skill among the urban labor market, engendered a competitive disadvantage among many industrial cities by the 1980s.<sup>12</sup>

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<sup>12</sup> Sugrue, *The Origins of the Urban Crisis*;" William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987); David Harvey, *A Brief History of Neoliberalism* (New York: Oxford University Press, 2005), particularly 3-32; Gerard



Because of their largely non-industrial character, neither Austin nor Silicon Valley had a large amount of unskilled laborers in their respective markets. Both were centers of agricultural production and higher education before World War Two whose populations were stable, but then grew rapidly after the war. As such, their labor markets were never driven by absorbing the surplus labor that was so crucial to many deindustrializing cities, many of which failed miserably in this regard. Instead, Austin, and to a lesser Silicon Valley, could concentrate on creating the conditions necessary to attract the specific type of labor and industry that they found desirable. Until at least the 1970s, there was little cause for low skill migrants to come to Austin, which had a minimal amount of industrial jobs to offer and a low-paying service sector already filled by university students as well as an established group of economically marginalized communities. Largely because of the university and state government, Austin also had a near permanent place as the most employed labor market in Texas, even as Texas grew rapidly after World War Two. The city's unemployment rate was almost always the lowest in the state throughout the 1950 and 1960s as well as during much of the period since then.<sup>13</sup> The aggressive strategy that the city employed to attract research and development outfits, intended to remake the city under a particularly knowledge-based framework, amounted to urban entrepreneurialism, an effort to take advantage of the

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Dumenil and Dominique Levy, *Capital Resurgent: Roots of the Neoliberal Revolution* (trans. Derek Jeffers), (Cambridge: Harvard University Press, 2004), 21-28.

<sup>13</sup> See, for example, "Maurice Acers to Mr. Vic Mathias," (undated letter)/Folder, "Miller, Robert Thomas, Corr. Mar-June, 1958/Box FP F.10B/Austin Mayors Collection/Austin History Center, Texas. Because the local economy was funded so largely by the state, and a great deal of service sector labor was provided by students, Austin almost always had a lower unemployment rate than the rest of the state. The figures may not be accurate regarding minorities, however.

city's unique characteristics and advantages, particularly its unique skilled labor potential. It is difficult to overstate the importance of this competitive advantage for non-industrial cities; in fact during the 1950s and 1960s business people and civic leaders in Austin considered keeping knowledge workers in Austin one of their foremost priorities and viewed the attraction and creation of knowledge industries as the most viable route to keeping surplus knowledge workers, which were virtually guaranteed by university investment in engineering, in Austin's labor market.<sup>14</sup>

High tech agglomerations also usually have a competitive advantage because of the amount of technological innovation that they generate, which in turn creates new, related industries that will then go through a maturation process just like the original product. Often the new product may take on a life of its own, rather than being dependent on the viability of the major product, as is the case with ancillary producers in the automobile or steel markets, for example. High levels of investment in research and development, characteristic of high tech agglomeration, promote rapid growth of new technologies, many of which have the potential to open new markets or sustain older ones. Since smaller outfits tend to drive production in technological fields, many high tech firms also use external suppliers instead of manufacturing their own parts, which encourages niche production. Similarly, production needs to be in close geographic proximity to research and development because of the innovative nature of high tech industries; whereas traditional industries migrate to areas where labor costs are lower,

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<sup>14</sup> For early Silicon Valley labor markets and other information on that region in the 1940s through the 1960s, see AnnaLee Saxenian, "The Genesis of Silicon Valley," in Peter Hall and Ann Markusen, eds. *Silicon Landscapes* (Boston: Allen & Unwin, 1985): 20-34.

short product cycles in high tech fields mean that advantages are culled from being able to get products to market quickly. Profit depends less on maintaining low labor costs and more on efficiency in delivering products to market. Technological agglomerations also produce large amounts of skilled labor, which is an attractive feature for potential industrial relocation and for entrepreneurs seeking an entry into high tech production or research and development. Ray Oakey aptly describes the positive prospects for technological agglomerations' long term viability, which are due to the "regenerative effects of new industry level product life cycles on the agglomeration." Essentially, high tech, because of its emphasis on knowledge, creativity, flexibility, and highly skilled labor, is more readily able to adapt to changing market conditions and modes of production.<sup>15</sup>

The presence of a major research university as the catalyst for technopolis growth was also a shared common factor between Silicon Valley and Austin, but the universities operated in very different ways in the respective regions. Even though Stanford and to a lesser extent the University of California-Berkeley were the main catalysts for early technological agglomeration in Silicon Valley, their activity was secondary to private defense contracting. For Stanford, the business acumen and industrial focus of electrical engineering professor and eventual university vice president Frederick Terman were essential in early Silicon Valley growth. Terman encouraged electrical engineering and computer science graduates to stay in the area and start companies and was among the

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<sup>15</sup> Ray Oakey, "High Technology Industries and Agglomeration Economies," in Peter Hall and Ann Markusen, eds. *Silicon Landscapes* (Boston: Allen & Unwin, 1985): 94-117, especially 112-114; Preer, *The Emergence of Technopolis*, 63-64.

first university-affiliated engineers to actively court corporate and federal investment for engineering departments. He mentored the fledging Hewlett Packard Company and Varian Associates, two early technology companies which later dominated transistor and computer markets. Terman, who worked closely with high ranking military personnel at Harvard during the war, used those contacts to attract a high amount of funding for Stanford after the war; by 1961 the Pacific region attracted 27.5 percent of prime military contracts and by 1964 it brought in 36.5 percent of all Department of Defense (DoD) R&D dollars, the most in the nation. Terman was also instrumental in growing the electrical engineering departments at Stanford and Berkeley, and in building the business-oriented Stanford Research Institute in 1946 and the Stanford Research Park (SRP) in the early 1950s, one of the first research parks in the U.S. and what Terman called “our secret weapon” in the university’s effort to build academic-industrial alliances. By the early 1960s SRP housed twenty-five firms and employed close to 11,000 people, and also served as the model for other industrial parks in the region.<sup>16</sup>

According to some scholars of technological agglomeration in Silicon Valley, however, private companies and direct federal investment were much more important in generating growth there than the university was. Although Terman was in part responsible for bringing research dollars to the Bay Area, it was largely the big aerospace, semiconductor, and defense contractors that drew most of the federal research

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<sup>16</sup> Saxenian, “Genesis,” especially 22-28; Stuart W. Leslie and Robert H. Kargon, “Selling Silicon Valley: Frederick Terman’s Model for Regional Advantage,” *The Business History Review* 70.4 (Winter, 1996): 435-472; Stuart W. Leslie, “Playing the Education Game to Win: The Military and Interdisciplinary Research at Stanford,” *Historical Studies in the Physical and Biological Sciences* 18.1 (1987): 55-88.

money and provided an example for potential migrant outfits. Defense contractor Lockheed was founded at the SRP, but more often it was either companies that moved to Silicon Valley, such as IBM, or start ups that had social but not necessarily institutional relationships with Stanford or Berkeley. It seems clear that outfits which may have had causal relationships with Stanford were by the 1960s the main attractive and generative industrial elements in Silicon Valley. Between 1959 and 1979, for example, the originator of marketable semiconductors, Fairchild Semiconductor, which had at best a tenuous relationship with either Stanford or Berkeley, produced fifty spin off companies. By 1970 five of the largest seven semiconductor manufacturers had their main facilities in Silicon Valley, largely separate from the university facilities. It appears that in large part the universities provided an increasing amount of skilled labor from their expanding electrical engineering departments as well as industrial space, but institutional relationships between the university and industries were not particularly strong.<sup>17</sup>

Furthermore, in studies of Silicon Valley in the early 1980s, it appears that the region lacked substantive links between the university and technologically-intensive industry. Oakey found that only twenty-three percent of Bay Area firms acknowledged any contact with an external source of technical information when developing a product or process. Only fifteen percent of Bay Area firms reported external contact with universities, meaning that by the early 1980s there were relatively few institutional links between industry and university research in Silicon Valley. AnnaLee Saxenian also finds

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<sup>17</sup> Saxenian, "Genesis;" Ray Oakey, "High Technology Industries."

that Stanford played a secondary role as a consolidating force for Silicon Valley in the 1960s, especially as military demand for semiconductors declined and federal research funding dissipated. This lack of contact may be the outcome of intense specialization and production niches, where smaller spin off companies focus on very particular work that is not a priority at research universities. It may also be the result of a more mature agglomeration where university dependency has waned as private business has grown. Still, given the status of the research university in high tech discourse, the lack of connection between private and university researchers is striking.<sup>18</sup>

Saxenian goes even further in identifying the cultural aspects that contributed to Silicon Valley's success and which may have hindered Route 128 development. Along Route 128, Saxenian finds a culture that she describes as "autarkic," essentially an isolated system of companies that did not share information, frowned upon labor movement, was more traditionally bureaucratic in structure, and stifled innovation created by dynamic start up culture. In contrast, Silicon Valley's technological core was much less hierarchical and more encouraging toward entrepreneurial culture, where labor mobility was not seen as negative. Cooperation and competition were viewed as in harmonious balance, where the entire region benefitted from working together and expanding rather than solely from competition. In short, Silicon Valley companies prospered because of their flexibility and their focus on a stimulating, dynamic intellectual and entrepreneurial culture throughout the region rather than as solely

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<sup>18</sup>Saxenian, "Genesis;" Oakey, "High Technology Industries."

independent competitive actors. This flexibility allowed Silicon Valley, as a region, to adapt to market changes more easily and gave the region a much more diversified production base.<sup>19</sup>

Although Austin and Silicon Valley share numerous characteristics, many of which constitute regional advantages, it is necessary to differentiate them as technopoles to better understand Austin's emergent qualities during the 1980s. Both regions had distinct advantages because of their high skill, low unemployment labor markets, their non-industrial qualities, and their research universities. But the nature of the universities and their roles in propagating technological businesses were somewhat different. The difference between the SRP and the BRC is one difference worth addressing. At the SRP, focus was on facilitating new private firms and attracting established firms to the park. Terman chose to develop the park primarily for private outfits, while channeling sponsored research dollars to interdisciplinary laboratories that were housed on traditional campus. In contrast, the BRC housed almost no private industries; because of its contract with the federal government, the BRC was used primarily as space for similarly interdisciplinary sponsored research.

Although at war's end Stanford was far behind MIT, as well as many other private universities in terms of research money and prestige, Terman envisioned Stanford

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<sup>19</sup> AnnaLee Saxenian, *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* (Cambridge: Harvard University Press, 1994). Chapter Two looks at Silicon Valley and Chapter Three looks at Route 128. Saxenian contrasts the experiences of Digital Equipment Corporation in Route 128 with Hewlett Packard in Silicon Valley, considering those two outfits as paradigmatic for each respective region.

as a potential engineering and electronics giant on the West Coast. Terman was, in fact, primarily concerned with building up the university, but he was equally willing to accomplish this goal using federal funding (particularly for specialized research laboratories) or by creating, nurturing, and attracting private companies at the park. Likewise, Terman facilitated business growth in both a social and institutional manner. Varian Associates, founded by three of Terman's former students and the first company to locate at SRP, held its first meeting on the Stanford campus in 1948. Terman was also on its initial board of directors. During the Korean War Varian grew rapidly; by 1958 its sales topped \$20 million and the company made large capital contributions to various engineering and research programs at Stanford to the extent that a wing of the microwave laboratory was named after Varian. Terman also encouraged other major startups at SRP by initiating the Stanford Industrial Affiliates Program in 1957. Stanford's DoD funding, while never as much as MIT's, also grew precipitously during Terman's time as dean. In 1946 the university totaled less than \$130,000 in government contracts. By the late 1960s, the DOD alone was obligated to Stanford projects for close to \$13 million.<sup>20</sup>

For the University of Texas, concern with growth in the private sector and the relationship of the university to the private sector came in a much different form. Although J. Neils Thompson was very active in seeking federally-sponsored research and was also a proponent of industrial growth related to the knowledge economy in Austin, he never integrated private companies directly into the university. Early Austin tech

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<sup>20</sup> Leslie, "Playing the Education Game to Win," 56 and 73.



companies such as TRACOR developed out of university departments, but they were not institutionally linked to the university except that workers often held positions as university faculty. Thompson, ever interested in Austin's economic fortunes, most likely would have agreed with Terman that universities could help grow cities and regions. Thompson clearly sought to emulate aspects of the Stanford model for UT as well. By the 1970s, however, UT sought a new model for economic development, based on technological production but accompanied by a vigorous business apparatus that both validated technological commercialization and created the ideological and didactic infrastructure to support technologically-based growth. The regents began this process in 1966 by hiring George Kozmetsky, director of the Fortune 500 company and military contractor Teledyne to head the new Graduate School of Business and be financial adviser to the board of regents.

### **Visions of Technopolis: George Kozmetsky, Competition, and the Role of the University in Entrepreneurship**

From its outset, the Institute for Creative Capitalism (ICC) focused on expanding the entrepreneurial and ideological function of the university, but it envisioned those expanded functions as inexorably linked to the growth of the City of Austin, particularly as a center of technology development. For founder George Kozmetsky, the transfer of publicly-funded research generated by university engineering departments to engender

private accumulation was the lifeblood of technopolis. To regent Bernard Rapoport, “Kozmetsky’s vision of a great university as the cornerstone of a dynamic, innovative, and prosperous society” was the driving force behind the school’s growth.<sup>21</sup> The university, supported by tax dollars and federal research grants, could sustain the risk involved with technological research much better than most private companies.<sup>22</sup> Kozmetsky understood this and saw the university as a profit-making entity that could attract surplus research capital if coordinated properly. Kozmetsky created the ICC to reorganize the university as a technologically-driven management center that could initiate and sustain large levels of accumulation for Austin. The institute facilitated growing the university as a business in that it provided access to capital networks, public research space, and programs that coordinated research and business activities. But it was also a major source of neoliberal discourse that attempted to validate the privatization of publicly-funded research and emphasize regional and national competition under increasingly global parameters. The ICC and other arms of the business school thus acted to ensure smooth transfer of technology, private networking and capital resources for potential spin-off companies, and to attract desirable companies and eventually research consortia. This entrepreneurial approach, mirroring the aggressive approach being

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<sup>21</sup> “Robert Tindol, “Donation of IC2 Institute building to UT an extension of George Kozmetsky’s vision, associates say,” *On Campus* (Austin: November 28, 1995)/Vertical File, “George Kozmetsky”/Dolph Briscoe Center for American History, Austin Texas.

<sup>22</sup> Regarding Austin and the university, see, for example, George Kozmetsky, Frederick Williams, and Victoria William, *New Wealth: Commercialization of Science and Technology for Business and Economic Development* (Westport, CN: Praeger, 2004), especially 121-130 which is a laudatory essay about Austin’s growth; Raymond W. Smilor, George Kozmetsky, and David V. Gibson, “Creating and Sustaining the Technopolis: High Technology Development in Austin, Texas,” *Journal of Business Venturing* 4 (1988): 49-67.

adopted by cities, was uncommon for university business schools in the 1970s, most of which taught theory rather than real world application.<sup>23</sup> Business venturing on the part of business school employees also represents a fundamental shift in the ontological status of universities which will be addressed near the end of the chapter. Kozmetsky's free market initiatives in the 1970s, and the university's approach to business, prepared UT and the city for the radical economic changes, then in the early stages, that were quietly transforming the economy by the end of the decade.

In some sense Kozmetsky carried on the tradition of J. Neils Thompson, by conceiving of the university as much more than an institution of higher learning and implementing management policies that facilitated academic entrepreneurialism, strongly linked with federal research dollars. The City of Austin and the University of Texas began intensifying efforts towards economic growth after World War Two, and quickly found that the region's main problem was retaining the surplus of skilled knowledge workers that the university produced every year. Although it would be remiss to characterize Thompson as an advocate of technopolis, he certainly saw technological research and eventually electronics production, beginning at the university but spreading outward, as Austin's best path to socioeconomic improvement by the late 1940s and the best way to keep skilled labor in the city. Like Thompson, Kozmetsky was a management specialist who also proved extremely adept as coordinator and fund raiser for various branches of the growing university research apparatus. The two also worked closely with

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<sup>23</sup> See, for example, Marilyn Bender, "Deep in the Heart of Texas, 'Real-World M.B.A.'s," *New York Times*, April, 25, 1971, F 4.

the city government and private business to integrate the university into the urban and regional economy, a partnership that was considered mutually beneficial. Kozmetsky, however, was much more brazen about his goals and was not a scientist; it was his expressed purpose to make money for the university rather than to enhance its facilities or its reputation, although he often referred to those ancillary goals as primary. He was also experienced in the private sector working for defense-related companies like Littleton Industries before becoming spectacularly wealthy as a director of the Fortune 500 defense company Teledyne, which he helped found in 1960.

Kozmetsky began his career as an academic whose early research focused on computers and management. He received his Doctorate of Commercial Science from Harvard in 1957 and also taught at Carnegie Tech throughout the 1950s.<sup>24</sup> In 1956 he published *Electronic Computers and Management Control*, which argued that the growing corps of managers in American business would increasingly rely on computers in an economic world moving rapidly away from traditional models of production. Computers could help managers with mundane tasks like accounting, but could also be implemented for long range planning and comparison of predicted and actual outcomes.<sup>25</sup> After publishing the book he was hired by Hughes Aircraft Corp to implement management controls, and then began using semiconductors to form mathematical

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<sup>24</sup> “John Sibley Butler, “The Essential George Kozmetsky,” *Texas: The McCombes School of Business Magazine* (Spring/Summer 2003)/Vertical File, “Kozmetsky, George,”/Dolph Briscoe Center for American History, Austin, Texas.

<sup>25</sup> George Kozmetsky and Paul Kircher, *Electronic Computers and Management Control* (New York: McGraw-Hill, 1956).

models for business systems. After founding Teledyne in 1960 and becoming wealthy almost immediately, Kozmetsky sought a return to academia.<sup>26</sup>

In 1966, UT obtained Kozmetsky's services over more highly regarded schools such as Harvard and California by offering both an integrated university policy and creative license to direct the Graduate School of Business (GSB) as he saw fit and to use facilities from other areas of the university.<sup>27</sup> Essentially, Texas offered Kozmetsky more freedom, as a dean and as an academic capitalist, than any other school, and clearly envisioned Kozmetsky's role as that of entrepreneurial facilitator. To Kozmetsky, with his background in management of defense-related research firms, integrated university policy meant that he would have enough reach in the university to coordinate and manage all the university's military-industrial-academic complex assets. Berkeley, for example, only offered Kozmetsky an appointment in the engineering department. At Texas, he would run the business school but also coordinate activities between business and engineering departments, which increasingly meant figuring out how to profit from the commercialization of university-generated patents and products. He was also appointed executive associate for economic affairs to the board of regents, a position that carried much policy-making power within the university without creating much publicity. It also gave Kozmetsky the ears of the most powerful decision maker in the entire university system, the board of regents. In the position, Kozmetsky would have say in the

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<sup>26</sup> Michael Saenz, "Spheres of Influence," *Texan*, July 18, 1983/Folder, "IC2 – Institute for Constructive Capitalism"/Box 99-119-1/Robert Ovetz Papers/Dolph Briscoe Center for American History, Austin, Texas.

<sup>27</sup> Saenz, "Spheres of Influence."

management of the Permanent University Fund (PUF) as well as in forming the annual budgets for the entire University of Texas System, one of the wealthiest entities in the United States. Perhaps most importantly, Kozmetsky considered UT the intellectual center of a region with high growth potential. Kozmetsky, who believed that economic growth was best driven at the regional level, saw Texas as a place that, coordinated properly, could become a new economic engine for the United States and potentially the world. His early efforts, however, focused on building up the GSB.<sup>28</sup>

Almost immediately Kozmetsky changed the GSB from what one writer called “a regional accounting school” into an “internationally recognized training ground for managers of the 21<sup>st</sup> century” by 1975.<sup>29</sup> Kozmetsky’s methods were more practical and less driven by theory than most business school deans. Students were encouraged to focus more on real world application of business practices that stressed structured flexibility and prepared students for diverse careers. Kozmetsky, though, succeeded most thoroughly in bringing in new resources to the university. He purchased a Control Data large scale 3100 supercomputer which he then persuaded the state to pay for in 1972. Numerous faculty endowments were paid for in the early 1970s that brought some UT endowed salaries to the level of schools such as Harvard and MIT. By 1975, the School of Business Administration was the largest in the university, and graduate enrollment at the Business School had tripled in nine years under Kozmetsky.<sup>30</sup>

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<sup>28</sup> Saenz, “Sphere of Influence.”

<sup>29</sup> Bender, “Deep in the Heart of Texas.”

<sup>30</sup> Bender, “Deep in the Heart of Texas.”

Highlighting the entrepreneurial potential of the university was, however, Kozmetsky's organizational goal during the early 1970s, and he used the university's vast array of resources, as well as a specifically neoliberal rhetoric, to pursue it. Above all, Kozmetsky viewed the university and the technological private sector as fundamentally similar organizational entities, enhanced by creative individuals but ultimately dependent on capital. He saw interpersonal relationships as tantamount, which allowed him to view organizational structures with little regard to differences. His background in corporate management drove his early efforts to change the business culture at the university to reflect a competitive ethos that valued creativity among scientists and engineers. As in private business, Kozmetsky viewed the increased salary that administrators received as a problem when trying to retain exceptional scientists and engineers, and one of his first efforts was to increase the pay scale for researchers to keep them from becoming administrators. In what he called applying "social technology" to organizational theory, Kozmetsky sought to retain creative researchers as researchers; but this move also necessitated capital investment. For investment, Kozmetsky moved out of traditional academic and federal avenues, instead forming relationships with private Texas entrepreneurs and businessmen who might be willing to invest in university research. He spoke at a variety of business conferences in Texas. At the 1969 International Investors Conference in Dallas Kozmetsky extolled Texas as the center of the "new creative capitalism" which is "going to continue to make this a dynamic, tolerant, progressive nation." That same year he also spoke at the Great Southwest First Annual Institutional Investors Conference, where he encouraged a broad understanding of investment

possibilities for technologically-based investors. For Kozmetsky, the logic of capital was essentially borderless, tied only to ideas rather than geographic or institutional locations. Regional policy that advocated and financially supported free enterprise would create distinct advantages for attracting capital investments; Texas was of course an optimal location because of its pre-existing pro-business traditions.<sup>31</sup>

From an ideological perspective, Kozmetsky viewed the collapse of Keynesianism as a social, rather than economic, problem that negatively affected interpersonal and business relationships as well as perpetuating a collective psychological and emotional malaise that threatened the foundations of American society. Much of his early public discourse as dean emphasized the traditional business motif of coping with an uncertain economic landscape and creating a better climate for business, and his rhetoric stressed social tension. He wrote that “in many ways we are living through a period of emotional American human history that is both challenging and frightening,” when discussing the need for a capitalist institute at UT in 1975. People were so overwhelmed, Kozmetsky warned, that potential for social obsolescence was high.<sup>32</sup> Speaking at the twentieth anniversary awards banquet of TRACOR, Inc., Kozmetsky outlined the troubled business landscape facing Americans in the mid-1970s, calling for radical interventions into policy making. For Kozmetsky social policy was the primary ill rather than the economic issues that were radically changing the global financial

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<sup>31</sup> Dorothea Erwin, “Wild Competition Called School Evil,” *Dallas Morning News*, July 27, 1967, 8; N.A., “Analysts, Investment Men Get Feel of Great Southwest,” *Dallas Morning News*, September 13, 1969; N.A., “Dallas Conference Planned for Institutional Investors,” *Dallas Morning News*, April 21, 1969, 18.

<sup>32</sup> Al Altwegg, “UT Institute May Reduce Confrontations,” *Dallas Morning News*, June 1, 1975, 43.



landscape in the 1970s. He stressed the need for “society” to decide for itself what institutions should have what roles in the economy, but also advised that society has a responsibility to business, which is to determine the role of business in society. Society, Kozmetsky argued, was not currently fulfilling this role because of the increasing number of special interest groups that only subscribes to one social problem, which “deviate[s] from the guidelines of society.” Kozmetsky then claimed that society had failed to institutionalize these special interest groups, which makes holding them accountable to society impossible. Only a substantial majority of the people should determine the public interest, as special interest groups too often have determined policy without regard for other institutions or individuals.<sup>33</sup>

Kozmetsky’s characterization of diversity and social fracturing as a cause of economic malaise demonstrates the totalizing yet inconsistent elements of early neoliberal logic. Rather than understanding economic uncertainty as the outcome of major global upheavals, such as the devaluation of American currency, nascent migration of production to the developing world, deindustrialization, the oil embargo, or many other obvious economic factors, Kozmetsky blamed a lack of social accountability. His solution was to enforce the rhetoric of totality masked as democracy; not only should public interest reflect a substantial majority of the people, special interest groups should be institutionalized so they can be regulated. In this formulation, society’s decisions

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<sup>33</sup> Chris Whitcraft, “Kozmetsky: Uncertainty Ahead,” *Austin American Statesman*, July 20, 1975/Vertical File, “Kozmetsky, George”/Dolph Briscoe Center for American History, Austin, Texas. The talk was based on a working paper that Kozmetsky was preparing with D. Eugene B. Konecci, Kleberg Professor of the College of Business.

should be based on the interests of normalized relations of production, or capital. Regulation should be employed to control ideologies, not the free movement of capital, particularly into and out of the university. Kozmetsky further expresses this ideology in no uncertain terms by claiming that business is often erroneously blamed for society's ills and instead society must adapt to meet the needs of business. In fact capital must be put into a position to rectify the very social problems that constrain it. Business was envisioned as the driving force for social renewal and technological innovation as the driving force for business, particularly in a fluid, fast-moving society such as Texas. Business, said Kozmetsky, "must assert itself more actively in society . . . [to] take a more active role in and with other institutions."<sup>34</sup> Capital's penetration into all aspects of life appears as the proper solution to socioeconomic woes. Properly sanctioned through social regulation and articulated as uncertainty, malaise, or alienation caused by purely social relations, reinvestment in private capital can provide the key to producing positive relations of production among all members of society.<sup>35</sup>

Kozmetsky's articulation of a rejuvenated capitalism was closely tied to the publicly-invested research university, where investment dollars, both public and private, were subject to lower risk than in private industry. To Kozmetsky, the research university, with its myriad labs, off campus facilities, engineering talent, and cheap student labor provided a suitable environment to coordinate business and science under the auspices of studying responsible capitalism, which the ICC was charged to do when it

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<sup>34</sup> Altwegg, "UT Institute."

<sup>35</sup> Whitcraft, "Kozmetsky;" Altwegg, "UT Institute."

was introduced in 1975. Although not funded by tax dollars, the ICC had university facilities at its disposal. Kozmetsky fittingly announced the formation of the ICC at the Southern Division Board of Advisors Conference of the United States Chamber of Commerce as part of a paper he delivered there entitled, “Society’s Responsibility to Business as an Institution.” The ICC was envisioned as a “potential means of reducing adversary confrontation between business and government and business and society,” indicating that the institute would work towards improving the status of business and capitalism in the United States and to validate the growing relationship between academia and private business.

From its outset, then, the ICC was a neoliberal ideological project that characterized capitalism as a moral force for social change and a barrier against alienation and social disintegration. Understanding capitalism, particularly the possibilities of academic capitalism, in a fluid and ever-changing postindustrial landscape, was the official charge of the ICC. One contemporary commentator referred to the ICC’s mission as “directly or indirectly support[ing] private enterprise through research and the distribution of educational materials.” The center, he claimed, hoped to become the public version of the Brookings Institute.<sup>36</sup> For Kozmetsky and his collaborators, the triad of technology, the free market, and the scientific and organizational creativity possible at the University of Texas provided the basis for technopolis, the utopic spatial and ideological manifestation of the new business-driven

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<sup>36</sup> Gerald McLeod, “In the Private Interest: The Institute for Constructive Capitalism,” *Change* 10.11 (December, 1978): 14-17. Quoted on 14.

social order Kozmetsky envisioned. Though initially characterized socially, however, technopolis was in reality an economic project, designed to reinvigorate capital accumulation through entrepreneurship and lower levels of economic regulation regarding the commercialization of federally-funded technology research. Its logic echoed the neoclassical emphasis on individualism and competition and found an audience by characterizing the contemporary situation as dire. As a utopian project, ICC rhetoric deemed technopolis a boon for all segments of society, not just for those with capital, skill, or people otherwise able to profit directly from technological production. Its totalizing capability was thus seen as a positive force for society as a whole.

It is impossible to catalogue and analyze the myriad business studies that the ICC produced from 1977 onward, especially considering that a significant portion of the ICC literature focused on the technical aspects of management and some studies of management theory. But analyzing a paper Kozmetsky delivered at a NATO conference on work and organizations in 1981 demonstrates the ideological position of the ICC's neoliberalism in its early stages. The paper, entitled "Perspectives on the Human Potential in Technological Change," contains utopian discourse focused on the future, on what types of changes, in private industry, government, and academia, would make for a better world. As such it is somewhat speculative as well as didactic and approaches technological change from a macrocosmic perspective.

Kozmetsky determined that technology, properly employed, and "treated with respect, common sense, understanding and general consensus," can "deliver a fair share

of its promises to all mankind.”<sup>37</sup> Furthermore, to Kozmetsky the use and production of technology actually creates more technology, so that sound public investment in a region should become self-sustaining over time. This neoclassical ideology, which annihilates notions of class and place, assumes that market forces distribute growth and production evenly through space, a notion rejected by proponents of uneven development. In actuality, Kozmetsky worked towards regional advantage for Texas and Austin and understood that competition would favor certain areas over others. Industry agglomerates in specific locations to form poles of production that attract and generate capital, although it is a mistake to assume that technopoles generate wealth for entire regions or that all urban centers have the potential to be technopoles. This ideology exposes one of the main logical tensions in technopolis rhetoric: if technology commercialization can deliver promises to all mankind, why are local, regional, and national competitive advantages so important? For Kozmetsky and growth proponents around Austin, this unresolved logical tension was rarely addressed; the discourse of universal benefit sutured over the obvious unevenness of development.

Another theme in “Perspectives on the Human Potential in Technological Change” is the government’s role in the implementation of technological growth policies. At universities, the goal was obvious: provide business theory and practice, in the form of courses and specialized entities on campus that facilitate and manage technological development. This meant an increase in professional schools and research facilities, the

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<sup>37</sup> George Kozmetsky, “Perspectives on the Human Potential in Technological Change,” (Austin: Institute for Constructive Capitalism, 1982), quoted on 11.

didactic components of academic capitalism. Industrial and academic links could be bolstered by government policies that favored business, including subsidies for research. At the national level, Kozmetsky envisioned a government that would subsidize technological research and commercialization. At the same time, even public entities would have to develop a new system of incentives for effective workers. To ensure adequate labor power, Kozmetsky advocated “expanding perquisites, stock options, security systems, pensions and bonuses in addition to attractive salaries.”<sup>38</sup> Although the rhetorical focus was on government and business working together, here the emphasis appears to be on the corporatization of government for the betterment of society. He advocated making technological risk a public venture, especially during times of national crisis.

Generating a national crisis through discourse, while simultaneously providing a systematic, neoliberal paradigm for national strength through technologically-based growth, proved a powerful combination for Kozmetsky, UT, and Austin. “Perspectives on the Human Potential in Technological Change” is forceful precisely because it imagines the utopian society that technological knowledge and business acumen can provide. This discourse feeds into a sense of national power and well-being that had been related to technological domination for centuries in the U.S. As neoliberalism and deregulation grew during Reagan’s first years in office, so too did concern over the nation’s position in an increasingly competitive global economic system. As the

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<sup>38</sup> Kozmetsky, “Human Potential,” 17.

discourse of technological superiority became more linked to American power and well-being in the early 1980s, Austin's location as technological producer, as well as its links between technology and business, became stronger. In 1983, Kozmetsky's vision for Austin as technopolis took its defining step, and Kozmetsky's techno-business policies were at the forefront.

### **MCC and the Centralization of Public Capital in Austin**

If the ICC gave discursive and institutional support to the notion of Austin as a technopolis generated by free market practice and entrepreneurialism within the university, the effort to attract MCC to the city demonstrated how forceful state government, university, and private business cooperation could be as a magnet for capital in a competitive environment. Austin had the benefit of being a center of public investment in Texas because of the university and state government; the two institutions ensured that the city would always have a large base of public employment as well as cheap labor and spending money provided by students. As pointed out earlier, it also had the benefit of being relatively non-industrial, non-urban, and without the widespread socioeconomic problems endemic to many U.S. cities as deindustrialization intensified through the 1970s. But, again, the major locational advantage the city possessed was the university and its human and institutional resources, particularly regarding science,

engineering, and business. Owing to a decline in the oil and gas industry throughout the 1970s, Governor Mark White as well as a number of prominent Texas businessmen began formulating plans to attract high tech business to Texas in an effort to diversify the state's economy. While Dallas was already growing as a mid-sized center for electronics development and applied research, the university made Austin the logical choice as a basic research and development center that could possibly form a technological development corridor with San Antonio. MCC, a unique private research consortium developed in 1982 to study microelectronics, particularly semiconductors, was the initial proving ground for Texas's ability to attract a national R&D outfit to Austin.<sup>39</sup>

MCC itself was largely a product of the neoliberal emphasis on competition and globalization, and the discourse of America's declining economic and industrial advantage relative to the rest of the developed world, particularly Japan. In late 1981, Japan announced a joint government-computer industry program called the "Fifth Generation Computer Project," aimed at developing a new supercomputer that would establish its dominance in computer technology. The heavily subsidized Japanese group would have the luxury of looking into the future – projecting out ten years or more – and experiment more so than a private company whose profit motive would force a much more pragmatic, market-centered approach to development.<sup>40</sup> The U.S. was also in the

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<sup>39</sup> Russell Mitchell, "Business Elite of Texas will Play a Major Role on Technology Council," *Austin American Statesman*, July 16, 1984/Folder, "Impact Analysis"/Box 1/"MCC Recruitment" Papers/Austin History Center, Texas.

<sup>40</sup> Diane E. Downing, "Thinking for the Future: The Promise of MCC," *Austin* (August 1983): 103-110/Vertical File, "MCC"/Dolph Briscoe Center for American History, Austin, Texas; Jeffrey M. Guinn,



midst of a prolonged industrial slowdown that, according to a growing number of economists, threatened the position of the United States in the global economic order. Unemployment reached 10.8 percent in late 1982, and other growth numbers, including technological growth demonstrated by patents filed and growth of technological labor force, stagnated or slowed down precipitously after 1973.<sup>41</sup> In response, the Reagan administration began adjusting patent laws to encourage technological entrepreneurship and research, especially among university researchers. As the first American research consortium, MCC was instrumental in the landmark National Cooperative Research Act of 1984, which generated a series of research consortia in myriad fields during the late 1980s and early 1990s. As the first, MCC's trajectory was closely followed by media and industry. Privately, leading members of the semiconductor and computer industry met at a meeting in February 1982, at the behest of Control Data Corporation Chairman William C. Norris, who proposed that the industry form a research consortium to better compete with the Japanese. To Norris, a longtime advocate of research consortia, "it wasn't until a lot of these companies got the hell scared out of them by the Japanese that they were willing to give [a consortium] a try."<sup>42</sup> In practice MCC would mimic the Japanese model by combining federal, private, and university resources in an attempt to increase national competitiveness, although the outfit was averse to any discourse that did not emphasize the role of the free enterprise system in American research. The original

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"Consortium Gambling all its Chips," *Fort Worth Star Telegram*, June 26, 1983/Vertical File, "MCC"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>41</sup> Terry Kahn and Josh Farley, *The Impact of MCC: Economic, Population, and Land Use Trends* (Austin, TX: Bureau of Business Research, 1985), 2-4.

<sup>42</sup> Quoted in Dwight B. Davis, "R&D Consortia: Pooling Industries' Resources," *High Technology* (October, 1985)/Folder, "MCC"/Box 1/MCC Recruitment Papers/Austin History Center, Texas.

consortium formed in August 1982, with fifteen member companies and an initial capital investment of roughly \$50 million. In December 1982, the Justice Department granted conditional approval to the joint venture, beginning the process of overturning nearly a century of antitrust laws and basically giving MCC the right to organize itself. Soon after, MCC partners chose Bobby Inman, former Deputy Director of the CIA, a Texas native, and UT alumnus, as President and CEO of the consortium.<sup>43</sup>

From a locational perspective, MCC was also the first chance that most cities would have to enter into the computer and semiconductor market, one of the most profitable U.S. industries throughout the 1960s and early 1970s but also one of the most spatially concentrated, in Silicon Valley and to a lesser extent along Route 128 outside of Boston. MCC was the first research consortium of its kind in the U.S. and as such drew a great deal of attention when it declared an open competition for its presence among cities. As the central research facility for a number of the biggest computer companies in the U.S., MCC provided a great locational advantage for a city, as a source of high tech, well paid employment, but more so in terms of prestige. MCC promised to enhance a city's chances to grow technological agglomerations as the winning city would demonstrate its attractive features to potential companies while also offering MCC and its employees as assets. Locational agglomerations, while manifestations of a competitive environment and economies of scale, are also cooperative ventures that reinforce and reestablish their

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<sup>43</sup> Downing, "Thinking for the Future;" W.R. Deener III, "Firms Study Austin as Site for Venture," *Dallas Morning News*, April 13, 1983/Vertical File, "MCC"/Dolph Briscoe Center for American History, Austin, Texas; N.A., "How to Expand R&D Cooperation," *Business Week*, April 11, 1983/Folder, "MCC/SRC Background"/Box 1/MCC Recruitment Papers/Austin History Center, Texas.

social and economic capital every time they attract new forms of investment. Once a firm locates in a place, it becomes part of the already existing community and benefits from other similar organizations that fill a role for that community. A national research consortium moving to a particular community is thus much more than the jobs created by the consortium; it is also a symbol of enhanced technological and economic prowess. The fact that MCC was the pioneer electronics consortium made its locational decision even more important in terms of prestige. The potential for agglomeration and growth, as well as prestige, which MCC possessed was the reason why it was so highly coveted by cities around the US.

For Texas, and increasingly for Austin, MCC was much more than just a corporation that would bring jobs, ancillary industries, economic growth, and prestige, although these factors were vital. It was also a conduit to a new world order that was no longer based on industrial modes of production in established urban centers. In the early 1980s, academics were just beginning to grasp the widespread socioeconomic and geographic changes that nascent neoliberal policies and deindustrialization were creating. John Naisbitt's popular 1982 forecasting book *Megatrends* predicted a wide array of changes that would reorder the global economic system as well as social life over the last two decades of the twentieth century. Geography was key. Naisbitt forecast an interrelated set of changes that would have drastic consequences for regions and cities especially. National economies would be forced to become global as production shifted to the developing world. By 2000, Naisbitt predicted, the third world was set to

manufacture close to thirty percent of the world's goods. The transfer of production to the developing world (already under way in 1982) meant that countries such as the United States needed to develop economies based on information and flexibility. This change of focus necessitated a change in planning, from short term to long term. Naisbitt also thought the Rustbelt-Sunbelt shift would intensify as industrial production declined and business climate grew in importance. Finally, *Megatrends* predicted a decentralization of hierarchical structures in the U.S., basically indicating that the federal government's importance was waning as regions, states, and individual actors took more responsibility for their own situation and the federal government moved away from Keynesian economic policies. Essentially, Naisbitt, like Kozmetsky, emphasized the growing importance of local and regional competition as the world became more global. Regions needed to plan far into the future and create conditions that were attractive to businesses which would spur growth.<sup>44</sup>

Austin leaders used *Megatrends* to justify using any means necessary to attract MCC and then eventually to market Austin as an emerging technopolis. Naisbitt predicted that during the 1980s electronics would become the largest business in the world, at roughly \$400 billion a year. Microprocessors, the key device driving the U.S. effort to revolutionize electronics, had an extremely wide range of applications, from the defense industry to the burgeoning personal computer market and into many new industries. For Austin, winning MCC would mean a sustained national spotlight on Texas

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<sup>44</sup> John Naisbitt, *Megatrends: Ten New Directions Transforming our Lives* (New York: Warner Books, 1982).

and particularly on Austin and the university as the U.S. competed with Japan for global dominance of the electronics market. Because of MCC's diversity of interests and long range focus, it was assumed that it would adapt quickly to changes in the fast-moving electronics marketplace. The MCC Task Force, which Governor Mark White created specifically to attract the consortium, set out to create a package that MCC would find too attractive to turn down, despite Austin's weak national reputation as a center of technological prowess.<sup>45</sup>

Two factors played important roles in Austin's efforts to bring in MCC. The first was the city's emphasis on the future and on the lower cost of living and higher quality of life that Austin afforded residents; both of these characteristics were results of Austin's historical trajectory as a non-industrial, relatively affluent city in an economically robust, low tax, business friendly region. Thus, from an ideological standpoint, it was techno-utopianism that influenced MCC's decision. Austin, at the time not considered a national technological agglomeration despite a number of high tech companies and a fourteenth ranked electrical engineering department at the university, focused its marketing efforts on the future. The plan to attract MCC promised a diverse culture of improvement where resources would be funneled into education, infrastructure, and equipment that would allow the university and MCC to flourish together. Governor White and lawyer Pike Powers, who headed the task force, knew that MCC wanted to locate in a region where they would be one of the most visible outfits; MCC was, after

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<sup>45</sup> Naisbitt, *Megatrends*; N.A., "Why is MCC so Important?" n.d./Folder, "Press Information and Contacts"/Box 1/MCC Recruitment Papers/Austin History Center, Texas.

all, designed as a kind of national industrial cooperative experiment whose success could provide a paradigm for other similar outfits. Hence a region willing to work with the corporation and showcase it was essential. An ideology that revered technological growth as well as a competitive industrial ethos was thus paramount for MCC. For Texas, looking to the future was paramount as well; one document argued that MCC would “[catapult] Texas into the world limelight as the State of the Future.”<sup>46</sup>

Second, and most importantly, Austin was deemed Texas’s choice for MCC and the state’s wealth of resources, both public and private, was invested into Austin’s bid to attract MCC. An essential characteristic of the investment was the participation from all pertinent groups in Texas: the private sector, academia, and the state and local governments. Again, what MCC desired, other than the obvious capital investments and dedicated resources, was a full commitment from a diverse array of actors. Inman, in particular, sought a community environment that would focus its collective energies on MCC. In early April of 1983, after hearing fifty-seven presentations, Austin was named as one of the four finalists for MCC along with San Diego, Atlanta, and Raleigh-Durham. Almost immediately White and Powers began assembling a marketing committee of civic, business, and academic leaders and devised a slogan for Austin’s MCC bid aptly

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<sup>46</sup> Gibson and Rodgers, *R&D Collaboration on Trial*, 122-126. Quote in N.A., “What MCC Means to Texas,” n.d./Folder, “Impact Analysis”/Box 1/MCC Recruitment Papers/Austin History Center, Texas.

entitled, “The Texas Incentive for Austin.” It was clear that the State of Texas was investing in Austin’s future as technopolis.<sup>47</sup>

The committee rapidly put together an incentive package that included an almost incomprehensible array of economic and social benefits for MCC that was very consistent with the practices of subsidizing potential business growth. What is most remarkable about “The Texas Incentive for Austin” is the diversity of incentives and of the institutions that promised to provide them to MCC. But, again, the package did not represent a break from historical attempts to attract business to Austin; it was rather an intensification of existing entrepreneurial practices that focused primarily on the university’s resources but extended into myriad aspects of economic, social, and cultural life. It was also the first obvious effort on the part of the state government and business community to direct capital to Austin in an effort to attract business. White presented the initial package to the MCC Site Selection Committee at a meeting in Chicago in March, but it was during the Site Selection Committee’s visit to Austin in April where he emphasized Texas’s business climate and the combined resources that Texas could provide in support of MCC.<sup>48</sup>

Possibly the package’s most attractive feature was the potential long term capital investment that the university could make in MCC and its own computing and

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<sup>47</sup> See, for example, Jeffrey M. Guinn, “Computers ‘n’ Cactus: Fighting an Image,” *Fort Worth Star Telegram*, June 26, 1983/Vertical File, “MCC”/Briscoe Center for American History, Austin, Texas; Downing, “Thinking for the Future.”

<sup>48</sup> “Statement of Governor Mark White to the MCC Site Selection Committee, March 18, 1983”/Folder, “MCC Austin”/Box 1/ MCC Recruitment Papers/Austin History Center, Texas.

engineering program using the Permanent University Fund (PUF). The university system's \$2 billion PUF, by far the largest public university endowment in the U.S., gave the state more economic leverage than any other attribute. Two thirds of the assets in the fund were possessed by the University of Texas at Austin and the other third by Texas A&M University, which was also a part of "The Texas Incentive for Austin" proposal. The fund was experiencing a growth rate of 9.5 percent in 1983, making its available funds ample as well. While the fund was originally intended to support infrastructure and building on campus, since the late 1950s the university had put it to other uses that bolstered targeted departments and programs. MCC was thus guaranteed that the fund would support both capital needs and academic excellence in prioritized fields. Part of the PUF was also set aside to match private contributions for endowed positions in relevant fields as well. Aside from providing incentives for MCC, the use of the PUF, authorized by the board of regents, demonstrated that Texas was clearly comfortable with using public resources to attract private industry. This obviously also demonstrates that the neoliberal logic associated with MCC's free enterprise origins was in actuality heavily subsidized by public funds that could have been used instead for more student-oriented purposes at the university.<sup>49</sup>

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<sup>49</sup> For PUF, see "Statement of Governor Mark White to the MCC Site Selection Committee, Chicago, March 18, 1983"/Folder, "MCC Austin"/Box 1/MCC Recruitment Papers/Austin History Center, Texas. For MCC "free enterprise" rhetoric, see Downing, "Thinking for the Future," which quotes engineering professor Ben Streetman, "What we have in MCC is a free enterprise response to [the Japanese] challenge," 110. The article also quotes Lockheed Vice President and General Manager Larry Jenkins: "The important thing is that this consolidated project is a free enterprise project. It did not become the U.S. Department of Microelectronic Research; It became MCC." 110.



A second vital incentive that Texas offered was development and use of twenty acres of land on the Balcones Research Center (BRC) tract for a cost of two dollars per year to MCC, one dollar for the land and one dollar for the building, for at least ten years. The BRC's historical importance to the university's growth as a leader in engineering research cannot be overstated.<sup>50</sup> After the initial growth period described in Chapter Two, roughly from World War Two through the late 1960s, in 1971 the federal government granted the deed to the BRC to the University of Texas, which subsequently purchased eighty-three undeveloped acres adjacent to the facility designated as the West Tract in 1974 using the Available University Fund (AUF). During the first twenty-five years of operation, the university intentionally kept the BRC's public profile low, as much of the work there was sponsored by the Department of Defense and either classified, secretive, or somewhat contentious. As the Cold War cooled, however, and scientific research became more driven by commercial markets, Thompson began attempts to make the BRC more central to the university's growing image as a center of scientific research. As he had done during the 1950s, he looked to other successful models of public-private research parks, such as Stanford and MIT.<sup>51</sup>

With the new acreage Thompson envisioned a research park that would house private outfits and work with the already-established university laboratories. He did not,

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<sup>50</sup> Explained at length in Chapter Two.

<sup>51</sup> N.A., "A Development Plan for the Balcones Research Center," report, University of Texas at Austin, April, 1989, 6-10/Folder, "Balcones (Pickle) Research Center"/Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas; Josh M. Flores, "UT to use new land for Research Purposes," *Daily Texan*, July 31, 1974/ Vertical File, "Balcones Research Center, UT, 1946-1986"/Dolph Briscoe Center for American History, Austin, Texas.

however, want private industries to build on the property; he preferred that the university retain control over all facilities by financing construction and then renting to businesses. In an effort to publicize the BRC and to give it a means to negotiate with industry, the board of regents created the Balcones Institute for Research and Development (BIRD) in 1973. BIRD was given authority to negotiate research agreements with private industry, government, or other potential partners on behalf of the university. Thompson, generally more interested in publicizing university research than the regents, hoped that the space would also include a motel and possibly other commercial retailers.<sup>52</sup> Like the BRC, the new development would be financially self-sustaining, working solely on research grants and revenues collected from tenants. Although the plan never materialized, it demonstrates the renewed desire to make the BRC a central part of the university's image in the 1970s.<sup>53</sup>

In 1980, however, the board of regents hired the architectural firm Page Southerland Page to create a master plan for the BRC that included capital upgrades to the older East Tract as well as a development plan for the West Tract. During the late 1970s and early 1980s the university began amassing world renowned scientists, most notably physicist John Wheeler from Princeton in 1976 and Nobel Prize winning

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<sup>52</sup> In some ways, Thompson's desire was fulfilled when part of the original West Tract was developed into the upscale, New Urban, multiuse facility, The Domain.

<sup>53</sup> N.A., "A Development Plan for the Balcones Research Center," report, University of Texas at Austin, April, 1989, 6-10/Folder, "Balcones (Pickle) Research Center"/Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas; Brenda Bell, "Balcones industrial park concept is unique," *Austin Statesman*, December 12, 1975/ Folder, "Balcones (Pickle) Research Center"/Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas; Roseanne Mogavero, "Industrial Research Park Projected for Balcones," *Daily Texan*, February 20, 1976/ Vertical File, "Balcones Research Center, UT, 1946-1986"/Dolph Briscoe Center for American History, Austin, Texas.

physicist Steven Weinberg in 1982. In 1981 the regents authorized over \$52 million for upgrades to the existing BRC facility, and three large university outfits announced that they were relocating from the main campus to the BRC. The Bureau of Economic Geology (BEG), Center for Electromechanics (CEM), directed by Ben Streetman,<sup>54</sup> and the Center for Energy Studies (CES), directed by Kozmetsky, were the tenants in the new facilities on the East Tract. CES and CEM shared a new \$14 million building. After Page Southerland Page submitted their BRC plan in September 1983, the regents increased the university's allocation to \$62 million; the initial phase went to building development and services on the West Tract where MCC would be housed. By 1985, the BRC boasted seven new buildings including a BRC Commons, which served as a centralized campus facility that included a library, computers, and spaces for graduate classes and research, as well as the new Center for High Performance Computing that was developed with MCC in mind.<sup>55</sup>

For MCC, the space, close to the geographic center of Austin's existing core of laboratory-based research, was essentially free for as long as MCC remained in Austin. The MCC Task Force also pledged \$20 million in system and private funding to construct new laboratories and offices on the BRC West Tract at no cost to MCC. Five million

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<sup>54</sup> Streetman, a recent hire to the Electrical Engineering Department in 1982, was one of the university's main representatives on the MCC Task Force.

<sup>55</sup> N.A., "A Development Plan for the Balcones Research Center," report, University of Texas at Austin, April, 1989, 6-10/Folder, "Balcones (Pickle) Research Center"/Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas; N.A., "No End in Sight to UT Expansion," *Third Coast*, August, 1982/ Folder, "Balcones (Pickle) Research Center"/Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas; Kerry Gunnels, "Facility to boost UT energy research," *Austin American Statesman*, December 14, 1981/ Folder, "Balcones (Pickle) Research Center"/Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas.

dollars would come from the PUF and \$15 million would be raised in private funding. Already the BRC was absorbing a large chunk of the \$218 million invested into research at University of Texas System schools, the vast majority of which came from public sources. The university also promised adjunct and visiting appointments for senior MCC researchers and full use of university facilities, including tuition subsidies for MCC employees. The university also promised MCC cheap skilled labor by allotting \$750,000 annually for graduate fellows in computer science and engineering, many of whom would work directly for MCC. Faculty salaries, said White, would be increased by over forty percent in the coming five years throughout the University of Texas System.<sup>56</sup>

Along with the low cost facilities, the most important incentive offered by the university was the establishment of a \$15 million endowment that would help to attract and retain top electrical engineering and computer science faculty. By 1986, White claimed that thirty new positions would be created in microelectronics and computer science, many of which would be filled by young scholars. One million dollars would be spent annually on facilities and equipment maintenance, technical personnel, and operating costs, and another \$5 million would be spent by 1985 on capital acquisition and laboratory equipment in microelectronics and computer science. Texas A&M also agreed

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<sup>56</sup> N.A., "Executive Summary: The Texas Incentive for Austin," *On Campus* (June, 1983)/Vertical File, "MCC"/Dolph Briscoe Center for American History, Austin, Texas; N.A., "University Provides MCC Site at Balcones," *On Campus* (June, 1983)/Vertical File, "MCC"/Dolph Briscoe Center for American History, Austin, Texas; David Butts, "Flawn Envisions Fruitful UT, MCC Link," *Daily Texan*, May 30, 1983/Vertical File, "MCC"/Dolph Briscoe Center for American History, Austin, Texas; "Statement for MCC Project"/Folder, "Chicago MCC Trips"/Box 1/MCC Recruitment Papers/Austin History Center, Texas.

to provide a similar set of benefits to MCC, including a new engineering research building, endowed chairs, and faculty incentives.<sup>57</sup>

The city and state combined to offer MCC a host of other benefits that would smooth the transition for MCC employees relocating to Austin. Before the laboratory complex was built at the BRC site, the City of Austin agreed to house MCC at existing office buildings free of charge, many of which were donated by real estate developers who stood to benefit greatly if MCC located in Austin. More important, however, were the economic and social incentives to employees. Ben Head, Chairman of RepublicBank Austin, along with other local lending agencies pledged \$20 million in single family mortgage loans at two percent points below the current interest rates to MCC employees. The city subsidized MCC's travel costs by underwriting relocation expenses for the company at \$500,000. MCC personnel were also eligible for a total of \$3 million in low interest gap loans to "facilitate smooth transition financing." The Austin Women's Center and the Office of Relocation Assistance pledged to help MCC wives acclimate to Austin and to provide them with employment assistance. The center hired a full time coordinator specifically to cater to MCC spouses as well as to provide information about day to day social activities, schools, child care, and clubs. Finally, in Texas fashion, MCC was promised free use of a Lear 35 business aircraft including crew for two years, despite the fact that the MCC Task Force did not decide who would provide the jet before they offered it to MCC. Texas and Austin also offered MCC a variety of incentives that no

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<sup>57</sup> "Executive Summary: The Texas Incentive for Austin."

other finalist city could replicate. Spatially, Austin offered proximity between the research university, state government, and small but growing technological agglomeration, which appealed to MCC. The MCC Site Selection Committee again viewed Austin as the city that offered the most potential for collaboration among the three most important segments of society, business, academia, and government. Already many of Austin private tech firms were located in a cluster near the BRC, or a short drive away on Highway 183. Balcones was only nine miles away from the main university campus and less than ten miles from the state house. While the committee was in Austin, Congressman J.J. Pickle also offered his services in helping MCC work with the federal government to establish new antitrust laws that would make consortium research possible.<sup>58</sup>

MCC announced that it was locating in Austin on May 18, 1983, to much fanfare among Austinites and some consternation from boosters of the other cities.<sup>59</sup> Bobby Inman and Governor White made the announcement together at the Texas Capitol Building, with both men praising the collaborative effort of the City of Austin and State of Texas, who offered, the two men claimed, more than just an excellent funding and amenities package. Austin sold itself as a city of the future, ready to grow with MCC.

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<sup>58</sup> “Executive Summary: The Texas Incentive for Austin,” Lotte Chow, “Pact May Help MCC Spouses,” *Daily Texan*, January 10, 1984/Vertical File, “MCC”/Dolph Briscoe Center for American History, Austin, Texas; “MCC Relocation Assistance Proposal,” (ND)/Folder, “MCC Relocation Off.”/Box 1/MCC Recruitment Papers/Austin History Center, Texas. For a truncated version of Austin’s attempts to woo MCC, see Orum, *Power, Money, and the People*, 312-316; Gibson and Rodgers, *R&D Collaboration on Trial*, particularly 139-173.

<sup>59</sup> See, for example, N.A., “So our Loss is also their Loss,” *The San Diego Union*, May 31, 1982/Folder, “Press and Information Contacts”/Box 1/MCC Recruitment Papers/Austin History Center, Texas. The article is a sarcastic diatribe against Austin by a San Diego newspaper. San Diego was one of the four finalists for MCC.

The locational decision came as a shock to many national commentators, who believed Austin was the least likely choice for MCC of the four finalists, although MCC generated a great deal of laudatory press for Austin and the University of Texas as well. One Austin booster proclaimed that “the decision today by MCC to locate in Austin falls right behind – in economic significance to our community – the decision to locate the state capital and the University of Texas here.”<sup>60</sup> While this hyperbolic sentiment may not be historically accurate, it certainly demonstrates the excitement that MCC brought to Austin. MCC was set to begin operations in Austin that August, and building MCC’s full time facilities started within weeks. According to a variety of commentators, the City of Austin, already growing rapidly in the early 1980s, was poised for a new round of economic growth based on relocations, startups, and real estate development that MCC’s decision was sure to engender.

The most immediate and impactful externality was in the real estate sector, where MCC added to the high tech prestige already present in the hills around the BRC campus. The deregulation of the savings and loan industry in 1980 as well as a shift away from fixed production capital to secondary circuits of investment led to a widespread increase in real estate development in the early 1980s. But Austin’s real estate sector was particularly dynamic. Along with other established private firms, many of which had ties to the defense industry, and the arrival of 3M in 1984, MCC’s decision generated surplus growth and an inflated real estate market almost immediately. While the boom was

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<sup>60</sup> Quote from *The Neal Spelce Austin Letter*. Quoted in, Gibson and Williams, *R&D Collaboration on Trial*, 424. Spelce was a public relations specialist who worked on the Austin Task Force to court MCC.

concentrated in the northwest hills, it affected the entire metropolitan region and rapidly drew national developers to Austin. As recently as the late 1960s Austin was one of the most affordable metropolitan housing markets in the United States with an equally low cost of living. By the mid-1980s explosive appreciation fueled by unregulated speculation turned the Austin area into a volatile market where money was made and lost quickly, environmentally-friendly recommendations were ignored, and office space development was ubiquitous.

Population growth in Austin during the mid-1980s was among the most intense in the U.S, and real estate values skyrocketed across the region in a matter of years. Between 1981 and the end of 1984, the SMA population of Austin grew from 537,000 to 671,000, an increase of nearly twenty-five percent, making Austin the fastest growing major metropolitan area in the U.S. during that period. From 1982 to 1983, population growth was 9.5 percent, almost three times the 3.5 percent growth rate of the previous decade. The value of real estate across the city underwent a boom that was even more intense. Between 1983 and 1984, Austin's total appraised real estate value rose by 52.8 percent, with ninety-four percent of that increase attributed to revaluations rather than just growth, indicating that home building was not the primary driving factor in growth. Average home value increased by over fifty percent between 1982 and 1983, from \$60,000 to \$92,000.<sup>61</sup> By October of 1984, Coldwell Banker reported that Austin had the most expensive residential real estate in Texas, including upper class suburbs of Dallas,

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<sup>61</sup> Kay Northcutt, "Austin: The Perils of Popularity," *American Planning Association Journal* 50.11 (November, 1984): 4-10.



and was far more expensive than any of the other thirty-seven Sunbelt cities where Coldwell Banker had an office. An average 2,000 square foot house in Austin cost \$140,000, \$50,000 more than in Houston and \$5,000 more than in Dallas. In some exclusive neighborhoods in northwest Austin, land values doubled from 1983 to 1984.<sup>62</sup>

The growing high tech agglomeration had an equally strong impact on office space and retail development throughout the city, but especially in the northwest portion of the city in proximity to the concentration of high tech development around the BRC. By 1985, the BRC served as the center of Austin's most active center of research and development; IBM, Schlumberger, 3M, and MCC, employing well over 10,000 laborers among them, were all located within three miles of the BRC. In 1984 the City of Austin annexed fifteen square miles of land where 3M and Schlumberger planned to build facilities. Already, some commercially-zoned spaces fronting the major highways that crisscrossed the area had doubled in value since 1983, indicating the generative effects of MCC on the local real estate market. The following year ancillary office and retail building exploded in the corridor along MoPac highway and U.S. 183, in close proximity to the research campuses. In late 1985 northwest Austin had over 1.5 million square feet of office space under construction, second only to the CBD among Austin's commercial areas. Many large scale developers built high end shopping malls alongside office parks as work-play areas for white collar laborers. In the span of just three years and within a few minutes' drive of one another, national developers built The Arboretum, Northpointe,

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<sup>62</sup> Paul Schnitt, "Austin home process top Texas cities, survey says," *Austin American Statesman*, October 28, 1984/ Vertical File, "Austin, Texas – Housing and Real Estate (Travis County)"/Dolph Briscoe Center for American History, Austin, Texas; Hodge, "Can the Boom Last?"

Prominent Point, Strattum, and many smaller office and retail facilities along corridors in northwest Austin. Office and retail space averaged nearly the same price per square foot as in the CBD in 1985, indicating a high level of occupancy in the new office parks.<sup>63</sup>

By 1987, however, it became clear that Austin's boom generated overdevelopment in real estate as Austin became one of the nation's most troubled real estate markets. The home building market ground to a halt; membership in the Texas Capital Area Builders Association dropped from 468 to 255 between 1984 and 1987. In March of 1987 the city's largest home builder, Nash Phillips/Copus Inc., filed for bankruptcy, as did former Governor John Connally and former Lt. Governor Ben Barnes, who had been active real estate developers in the early 1980s. Average home prices dropped by only six percent, but over 4,400 residential properties were foreclosed upon in Travis County, and almost as many commercial properties were taken over by lenders. The office market was equally as poor. The downtown rental market dropped in value by half between 1986 and 1987, and One Congress Plaza, the largest downtown office building, was eighty percent empty. By December of 1987 Austin had the most overbuilt office market in the country with thirty-four percent vacancy, leading the *Wall Street Journal* to call the city's real estate market "an absolute disaster."<sup>64</sup>

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<sup>63</sup>Hodge, "Can the Boom Last?"; Joe Biennu, "Austin Emerging as Major High Tech Center," *Southwest Real Estate News*, January, 1986/ Vertical File, "Austin, Texas – Housing and Real Estate (Travis County)"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>64</sup> Kim Tyson, "Real Estate take a fall for the Year," *Austin American Statesman*, December 27, 1987/ Vertical File, "Austin, Texas – Housing and Real Estate (Travis County)"/Dolph Briscoe Center for American History, Austin, Texas.

## **Emergent Technopolis: Agglomerative Forces and University-Generated Wealth**

MCC's decision to locate in Austin was seen as a huge political and economic victory by growth-oriented Texans, whose collaborative effort to win the MCC bid demonstrated the competitiveness of Texas and Austin moving forward in the emerging global economy. MCC was the lynchpin of Austin's efforts to grow as a technopolis. For Kozmetsky, the ICC, and the board of regents the MCC decision was more of a sign that enhancing the commercial capacity of the university should be the primary aim of their future policy. The "Texas Incentive for Austin," after all, contained an array of benefits that directly augmented the university's standing as a research institution as well as its earning power. Furthermore, Kozmetsky understood the dynamics of urban growth generated from technological work long before its study became fashionable in academia: agglomeration in technological industries tends to feed upon itself because of the unique job opportunities and growth possibilities that high-level technological work has for laborers. In a niche market driven by cutting edge technology, agglomerative forces tend to be strong and many small outfits with high growth potential are often attracted by one large, stable firm such as MCC. Kozmetsky understood the value potential that MCC represented for small companies, spin-offs and otherwise, to a region. Simultaneously, having a large amount of skilled labor was the key to sustaining growth. Skilled workers also tend to be highly mobile, so creating industries, as well as other social conditions, for attracting them was paramount. Essentially, the university's general policy amounted to

striking while the iron was hot, and this meant a high level of capitalization for research-based facilities and the concomitant growth of extra-academic functions designed to commercialize knowledge work. For the University of Texas, MCC was the harbinger of a technopolis that would provide profit for the university, savvy investors, and potentially for the city and region more broadly.<sup>65</sup>

The university received a huge economic benefit from MCC's presence before the consortium even had its own space. In 1984, Dallas-based millionaire Peter O'Donnell, Jr. agreed to donate \$8 million to UT to contribute to Texas's economy through education. Within months, other private donors matched O'Donnell's \$8 million, and the university used PUF interest money, which the regents deemed appropriate to use for endowed chairs in 1981, to match that \$16 million for a total of \$32 million, which funded thirty-two endowed chairs in the Colleges of Natural Sciences and Engineering. Each endowed professorship would be valued at \$100,000, indicating that each would target the most elite researchers in their respective fields. The university saw an immediate increase in the quality of graduate student applications and became more selective in admittance long before all the endowed chairs were filled. By 1986 the Department of Computer Sciences received three times as many graduate student applications, with higher average test scores than before MCC located in Austin in 1983. The overall financial improvements to the profit-generating University of Texas departments in the early 1980s were staggering. From 1981 to 1986, endowed

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<sup>65</sup> For technopolis-related theories of labor, see Preer, *Emergence of Technopolis*, 54-64.

fellowships and lectureships in the business school increased from two to sixty-eight; in engineering they increased from zero to sixty-seven. Endowed professorships in natural sciences likewise increased profoundly.<sup>66</sup>

But the most dramatic and long term changes that MCC generated at UT were increased corporatization and a renewed focus on military technology, the commercialization of technology, and an emphasis on the university as a source of wealth creation. The ICC was still a central locus of power on campus that continued discursively supporting the growth of the university as a business, but its emphasis became decidedly more pragmatic throughout the 1980s as it sought institutional outlets for technology-based profit, both public and private, at the university. The focus on commercialization, though, spread far out of the ICC to other loci of power on campus, many of which were staffed by administrators with ties to the military. Since at least the 1950s the university, and specifically the engineering departments and off campus research units, considered fulfilling the skilled labor needs of local markets as an essential responsibility of their institution and as a stimulant to local industry. During the 1980s, however, the university began to view technology commercialization as a means to reorganize itself in the interests of capital accumulation; this meant applying public as well as private resources to support high tech business startups, to profit from patent licensing and other commercial ventures undertaken at the university, and in general to

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<sup>66</sup>Gibson and Williams, *R&D Collaboration on Trial*, 445-448; David V. Gibson and Raymond W. Smilor, "The Role of the Research University in Creating and Sustaining the U.S. Technopolis," in David V. Gibson, Raymond W. Smilor, and Alistair M. Brett, eds. *University Spin-off Companies: Economic Development, Faculty Entrepreneurs, and Technology Transfer* (Savage, MD: Rowman and Littlefield, 1991): 31-70. Stats on 39.

shift the university's resources away from undergraduate education and towards profit-minded research. By almost any measure UT's success as a business was spectacular, as the university continued to garner more external research funding and generate many successful private high tech companies in Austin.

By the mid-1980s the ICC's discourse and academic analysis began to focus on using the university to create wealth in a variety of ways. Along with MCC, a renewed federal investment in defense-related technologies and research and development provoked a new round of commercialization theories and applications among technocapitalists in the business and engineering schools. Two important federal measures contextualize the increased potential for research-related profit among universities in the 1980s. The first was the expiration of the Mansfield Amendment in 1977. The amendment, passed in 1971, stipulated that DoD research applications must have an applied military function. It severely curtailed federal funding for basic research at universities which was easily the primary source of funding for university researchers since the beginning of World War Two. Universities, cut off from their primary source of research funding, turned to private corporations to assist with basic research outlays.<sup>67</sup> The amendment's expiration, made politically viable by the end of Vietnam War, opened up federal coffers to university researchers, who now had funding connections with the federal government as well as private sources. The second measure was the aforementioned Patent and Trademark Act of 1980, which gave universities and their

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<sup>67</sup> Herbert I. Fusfeld, "The Bridge Between University and Industry," *Science* 209.4453 ( July 11, 1980): 221.

researchers intellectual property rights over federally-funded inventions or processes that they patented, giving universities heightened incentive to pursue research that could potentially be profitable as well as increasing competition for skilled researchers among universities.

Another large impetus to university research was Reagan's Strategic Defense Initiative (SDI), commonly known as Star Wars, which he announced in 1983 and institutionalized as the Strategic Defense Initiative Organization (SDIO) in 1984 within the DoD. During the 1970s federal defense policies focused on détente, an effort on the part of both the U.S. and the Soviet Union to limit the number of weapons that each side produced and accumulated. In contrast, SDI was an ambitious if not impossible project that sought to invest major federal resources in new defense technologies, which necessitated a major investment in university-based research. Reagan also made it clear that he was willing to permit deficit spending for the nearly singular purpose of enhancing defense capabilities; despite cutting funding for the EPA, Medicaid, food stamps, federal education programs, public housing, and federal assistance to local governments, the national debt increased by close to \$2 trillion during his presidency. After a short period of stagnant federal support for basic research during the 1970s, by 1983 it was obvious that federal money was available for university scientists and engineers who could support the DOD agenda. Whereas in 1979 federal R&D expenditures for defense were lower than all other R&D expenditures, by 1986 federal R&D expenditures for defense were nearly three times greater than all other federal R&D

expenditures. In real dollars, R&D spending for defense grew from \$13.6 billion in 1979 to over \$40 billion by 1986. Defense funding for basic research, primarily done at universities, doubled during that period. In 1985, federal R&D obligations for defense made up over sixty percent of all federal R&D obligations.<sup>68</sup> For research universities looking to garner money, the environment was certain to be competitive as schools raced to take advantage of funding opportunities.

The University of Texas, as well as the ICC and the State of Texas, quickly began reorganization to take advantage of the available SDI money. One of the first moves the university made was to appoint Hans Mark to the position of chancellor, which is essentially the chief economic officer for the University of Texas. Mark's ties to the SDI initiative were robust; he simultaneously served as the Director of the National Reconnaissance Office, which was responsible for space and other reconnaissance, and as the Secretary of the Air Force under President Carter before being named Deputy Director of NASA under Reagan in 1981. From there he moved directly into the Chancellorship in May 1984. Mark was both one of the most knowledgeable people regarding SDI technology and also an avid proponent of SDI's commercial applications to increase U.S. industrial competitiveness. As what he described as a "manager of research institutions," Mark oversaw an administration increasingly willing to work with faculty on commercialization. He credited entrepreneurial activities at the university for

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<sup>68</sup> Eugene B. Konecni, et. al., *Commercializing Technology Resources for Competitive Advantage* (Austin: IC2 Institute, 1986), 253 -254.



myriad successful business ventures in Austin, and often compared the function of the university with that of a corporation – to make money.<sup>69</sup>

The State of Texas followed the university's lead in facilitating entrepreneurship among research scientists. In 1985 the Texas legislature amended the Texas Education Code to require all universities in the Texas system to establish intellectual property laws which would grant ownership of all inventions and patents generated on campus to the university. As the legislature prepared the university system to profit from technological innovation, it also began the process of privatizing university-generated scientific information by revising the Texas Open Records Act to allow the university to keep information with commercial potential outside of the public record, no matter who funded it. These changes amounted to a declaration of open competition for commercialization; changes were made based on the university's ability to reap profits from inventions and to keep information away from competitors, as well as to allow scientists and engineers to research outside the view of media. Finally, the passage of the Ownership Equity Bill in 1987 allowed the university to own spin-off companies that were generated from university departments and other research units. The 1989 legislature further augmented conflict of interest restrictions regarding university-owned

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<sup>69</sup> See, Ovetz, "Entrepreneurialization, Resistance, and the Crisis of the Universities: A Case Study of the University of Texas at Austin," (PhD diss., University of Texas at Austin, 1996), 51; Hans Mark, "Public Research: Still a Bargain," *Houston Post*, March 3, 1989/Folder, "UT Entrepreneurialization 1986-1995 and undated"/Box 99-119-1/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas. Recently Mark, who is now an endowed professor in the Aerospace Engineering Department and UT, and Bobby Inman co-chaired a dissertation by Fred Charles Beach entitled, "Time Waits for No Program: Schedule Growth in Technology Development and Systems Acquisition of Major U.S. Defense Programs, 1948-2009."

businesses by allowing University of Texas regents and other administrators to invest in companies that had licensing agreements or contracts with the university.<sup>70</sup>

On campus, money and resources were increasingly allocated to centers that attracted large amounts of research funding or were able to work closely with MCC. The BRC was central to the shift. Along with the Applied Research Laboratory, a BRC tenant since it was created in the 1960s, the CEM was likely the most defense-oriented of any research institution on campus. By 1986 the CEM held roughly \$7.5 million in DOD contracts and did major research and development on the SDI-funded rail gun project as well as work on flywheels, launch systems, and power systems, among other projects. In 1987, due to SDI funding increases, the CEM was bringing in over \$11 million in research funding, nearly forty percent of the total outside research money brought in by University of Texas research units in Engineering. Four researchers at CEM held DOD research contracts totaling \$2.9 million as well. In 1986, amid multiple new construction projects to facilitate MCC, CEM, and CES operations at the BRC, SDIO Director James Abrahamson announced that the BRC was being considered for an increased role in SDI research. Despite the obvious economic benefits to the university, a group of students and faculty members protested in front of the BRC after the announcement was made.<sup>71</sup>

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<sup>70</sup> Ovetz, "Entrepreneurialization," 46-48.

<sup>71</sup> Lorraine Cademartori, "Balcones Defense Role may Increase," *Daily Texan*, June 23, 1986/ Folder, "Balcones (Pickle) Research Center"/Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas; David V. Gibson and Raymond W. Smilor, "The Role of the Research University in Creating and Sustaining the U.S. Technopolis," in David V. Gibson, Raymond W. Smilor, and Alistair M. Brett, eds. *University Spin-off Companies: Economic Development, Faculty Entrepreneurs, and Technology Transfer* (Savage, MD: Rowman and Littlefield, 1991): 31-70.

Owing to numerous changes in the federal government's ideology and the possibilities for technological development during the 1980s and 1990s, UT charted a course that made for-profit research the central function of the university. By 1986, the university held over \$137 million in DOD contracts, making defense research one of the most attractive profit making activities on campus and giving UT the fifth highest total among U.S. universities.<sup>72</sup> Robert Ovetz has painstakingly detailed the extent to which the university adopted a policy of entrepreneurialization, especially among the engineering and science departments and related centers, and enhanced relationships with private business and the DOD. Although these relationships existed since World War Two, according to Ovetz in the 1980s the university sacrificed its traditional role as a seat of higher education in Texas in order to profit from the increased emphasis on defense technology under the Reagan and Bush administrations.<sup>73</sup> Whereas former technopolis-generating universities worked to facilitate technology business, in Austin the University of Texas became a business. MCC's locational decision had the dual effect of generating large amounts of public and private capital directly into the university and convincing university officials that for-profit, high tech partnerships with private business were sound investments. For the former, it appears clear that a significant amount of that investment was used to create infrastructure intended to attract federal investment, particularly from defense-related sponsors. In practice, the latter function was the most

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<sup>72</sup> Arnie Weissmann, "Contract Warriors," *Third Coast*, June, 1986/Folder, "UT Military Research, 1 of 2"/Box 99-119-9/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin Texas.

<sup>73</sup> Ovetz, "Entrepreneurialization."

important in terms of regional growth emanating from the university, and Kozmetsky and the ICC took the lead in growing the city from within the university.

Throughout the 1980s, Kozmetsky and other ICC associates, along with Kozmetsky's RGK Foundation, continued to sponsor projects that sought to analyze the logic of techno-capitalism and provide a blueprint for regional growth based on it. The volume of ICC work increased precipitously, as did its amount of affiliated faculty at UT and elsewhere, and its research increasingly aimed to generate small, indigenous high tech companies; the university was the logical place to incubate these companies.<sup>74</sup> Discursively, the literature supported private wealth creation for the benefit of all society, an ostensibly egalitarian distribution of created wealth that was in reality highly uneven and selective. The ICC also undertook a series of infrastructural implementations at the university that encouraged techno-capitalism based on their strategies for growth. This strategy involved opening a variety of new university-affiliated offices that facilitated technology transfer, spinoff companies, venture capital investments in university-generated startups, patent and licensing, as well as curriculum changes in the business school that emphasized entrepreneurialism and management of technology-related workers. Because of the liberalization of Texas laws regarding investment in university-generated startups, many University of Texas administrators, researchers, and professors profited from university-generated patents and businesses from the mid-1980s onward.

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<sup>74</sup> See, for example, Raymond W. Smilor, "Building Indigenous Companies Through Entrepreneurship," in Eugene B. Konecni, ed. *Commercializing Technology Resources for Competitive Advantage* (Austin: IC2 Institute, 1986): 85-99.

Two of the more prominent ICC projects in the 1980s were books published based on SDI-commercialization conferences, both of which were sponsored by the RGK Foundation. *Commercializing Defense Related Technologies* (1984) and *Commercializing SDI Technologies* (1987) were part of an ICC book series on technology and entrepreneurship that sought both practical and academic perspectives on entrepreneurship policy. The two books demonstrate a desire to enhance accumulation as a corollary to the national defense promised by SDI and other increases in defense spending. Enhanced accumulation in the private sector through technology transfer was not viewed simply as a benefit for those who invested in it, patented it, or created it. Accumulation was rather discursively produced as another form of national defense where the strength of the economy was a strong deterrent to international competition and a sign of social strength for Americans. As far as policy was concerned, federal, state, and local governments were encouraged to invest resources into commercializing defense technology for the public good. To editor Robert Kuhn, commercializing defense technology amounted to enhancing, “by the natural force of the market . . . America’s *comprehensive* national security, which embeds the economy and society as well as the military and defense.”<sup>75</sup> It was unclear, of course, who was going to make the actual profit from commercialization.

The contributors to the volumes were largely scientists, policymakers, academics, or military officers with ties to the SDIO. Some proponents of SDI brashly asserted the

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<sup>75</sup> Robert Lawrence Kuhn, “A Point of Departure,” in Stuart Nozette and Robert Lawrence Kuhn, eds., *Commercializing SDI Technologies* (New York: Praeger, 1987), ix.

infallibility of defense R&D as an economic engine. For example, one of Reagan's Science Advisors, John McTague, tried to undermine the "ideologically motivated" argument that defense spending detracts from other types of federal spending. Rather, he argues that "that the famous 'guns or butter' dichotomy is a false one" and that defense research has generated profoundly positive effects on society.<sup>76</sup> Scientists gave brief, generally non-technical descriptions of potential commercial applications for their SDI-related research. The Director of the CEM at the University of Texas, William Wheldon, principle CEM investigator of the aforementioned rail gun and the holder of over twenty defense-related patents by the mid-1990s, argued that the rail gun technology had application for ceramics, welding, and drilling (another of his specialties).<sup>77</sup> Kozmetsky went so far as to argue "sharing technology between the defense and non-defense market can result in less displacement in labor markets as a result of disarmament, renewed détente, or the loss of markets in declining industries."<sup>78</sup> Aside from an ideological reliance on the military for economic stimulation, this statement makes clear that Kozmetsky's idea of labor markets does not include all socioeconomic strata of society.

It must also be noted here that a great deal of Austin's privately owned high technology industry was strongly related to defense and aerospace before and during

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<sup>76</sup>John McTague, "Defense R&D and National Competitiveness: Past, Present, and Future Prospects," in Stuart Nozette and Robert Lawrence Kuhn, eds., *Commercializing SDI Technologies* (New York: Praeger, 1987): 3-8.

<sup>77</sup>William F. Wheldon, "Kinetic Energy Technology," in Stuart Nozette and Robert Lawrence Kuhn, eds., *Commercializing SDI Technologies* (New York: Praeger, 1987): 43-48.

<sup>78</sup>George Kozmetsky, "Summing Up: Initiatives for Commercializing SDI Technologies," in Stuart Nozette and Robert Lawrence Kuhn, eds., *Commercializing SDI Technologies* (New York: Praeger, 1987): 217-222. Quoted on 219.

MCC's tenure in the city. TRACOR, the grandfather of Austin technology companies, which was central to Austin's emergent industrial base in the 1960s, was heavily reliant on defense contracts. Other large outfits that relocated to Austin from the 1960s through the 1980s were reliant on defense and aerospace spending. Motorola, 3M, Texas Instruments, and especially Lockheed were all large corporations that fueled Austin's string of booms and employed tens of thousands of people, that were significantly reliant on defense contracts. In 1986, thirteen of the twenty-one corporate members of MCC were among the top defense contractors in the nation, indicating that MCC's presence in Austin increased the DOD's reach even further into Austin's level of economic vitality. That same year, out of seventy-six Austin technology-based companies that were surveyed, over forty-seven percent listed "government/military" or "aerospace" as their primary market. Overall, as Austin economic booster and MCC Task Force member Neal Spelce determined, the value of defense contracts held by Austin companies was close to \$2 billion in 1985, exclusive of university contracts.

Kozmetsky's framework for technopolis, then, was also driven by a strong relationship with the defense industry as a catalyst for entrepreneurship and commercialization. For Kozmetsky and the ICC, growth agendas highlighted the neoliberal conception of a free enterprise system unshackled by unnecessary government regulations or unaccountable special interest groups. The social necessity of military-based R&D was couched as a patriotic initiative that served to strengthen all Americans and the U.S. position atop the global military and economic hierarchy. But the system of

entrepreneurship certainly relied on robust federal and state investment; this ironic dependence on government amounts to a curious brand of neoliberalism that does not completely internalize the rhetoric of government non-intervention; it rather seeks the support of government in an effort to create a stronger free market system. Essentially, what the ICC and RGK Foundation sought was public-subsidized risk, in the form of government research contracts, infrastructure, juridical liberalization, and university investment, which they could then use to generate private wealth under the umbrella ideology of national well-being. For profiteers, SDI was one last chance to extract value from Cold War defense spending. Austin's modern high tech economy, then, has decidedly conservative roots.

After SDI engendered a massive increase in defense spending and MCC chose Austin for its home, the ICC's discourse began to focus on the pragmatic aspects of university-generated wealth creation. ICC published books, sponsored conferences, and commissioned studies on all aspects of university wealth generation, including university spinoffs, corporate creativity, technology transfer, the "art and science of entrepreneurship," and economic development alliances between the public and private sector.<sup>79</sup> These books and the conferences that generated them made up the ICC's core

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<sup>79</sup> In order of publication the books were Robert Lawrence Kuhn and Raymond W. Smilor, eds., *Corporate Creativity: Robust Companies and the Entrepreneurial Spirit* (New York: Praeger, 1984); Robert Lawrence Kuhn ed., *Frontiers in Creative and Innovative Management* (Cambridge, MA: Ballinger Pub. Co., 1985); Raymond W. Smilor and Donald L. Sexton, eds. *The Art and Science of Entrepreneurship* (Cambridge, MA: Ballinger Pub. Co., 1986); George Kozmetsky, Raymond W. Smilor, and Elaine Chamberlain, eds., *Economic Development Alliances: Major New Relationships for Scientific Research and Technology Commercialization* (Austin: IC2 Institute, 1987); Frederick Williams and David V. Gibson, eds., *Technology Transfer: A Communication Perspective* (Newbury Park, CA: Sage Publications, 1990); David V. Gibson, Raymond W. Smilor, and Alistair M. Brett, *University Spin-off Companies: Economic*



ideology and also provided a blueprint for implementing the infrastructure that supported wealth creation.

The apogee of ICC ideology was, however, focused on the holistic concept of technopolis. *Creating the Technopolis: Linking Technology Commercialization and Economic Development* (1988) and *The Technopolis Phenomenon: Smart Cities, Fast Systems, Global Networks* (1992) imagined how technology commercialization policy would manifest itself spatially and politically.<sup>80</sup> For Kozmetsky and other techno-capitalists, the usual definition of “technopolis” was not just a city built on technology, commercialization, or even knowledge. In his previous formulations, the “polis” referred not to urban space but to a broadly defined public: public sector initiatives and public-private partnerships that would create the conditions for techno-utopia. *The Technopolis Phenomenon* outlined a spatial context for technopolis and recommended a physical infrastructure that would further enhance wealth generation for cities and regions. Spatially, the logic of techno-capitalism understood the city as emanating from centers of knowledge production. As such, interrelated centers of knowledge production were key. Facilitating knowledge production through physical infrastructure such as university centers of excellences and research labs, publicly subsidized research or high tech industrial parks, as well as networks of conveyance, both within cities and linking to

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*Development, Faculty Entrepreneurs, and Technology Transfer* (Savage, MD: Rowman and Littlefield, 1991). The ICC and RGK Foundation published other books during the late 1980s and early 1990s. The aforementioned list gives a cross section of the ICC research focus.

<sup>80</sup> Raymond W. Smilor, David V. Gibson, and George Kozmetsky, eds., *Creating the Technopolis: Linking Technology Commercialization and Economic Development* (Cambridge, MA: Ballinger Publishing, 1988); Raymond W. Smilor, David V. Gibson, and George Kozmetsky, eds., *The Technopolis Phenomenon: Smart Cities, Fast Systems, Global Networks* (Savage, MD: Rowman and Littlefield, 1992).

other cities, was essential. *The Technopolis Phenomenon* also suggests a softer infrastructure, though, that is made up of quality of life measures such as education and local emphasis on recreation as well as on subsidizing high tech business.<sup>81</sup> Once again, a hypercompetitive economic environment that stressed urban, regional, global, and inter-business competition for limited resources prevailed. The cities, regions, and countries that develop an infrastructure – not just physical but ideological, political, and social as well – that is conducive to creating high tech industry will have the competitive advantage. These two works articulate one of the final steps in the ICC’s quest to create wealth from technology development: generating new forms of urban space that reflect the preeminent place of technology and business in society.

The ICC’s vision for Austin and the university was to create an infrastructure that reflected *The Technopolis Phenomenon*’s emphasis on the social relations between the university, private business, and government. The university provided the enhanced physical infrastructure for technopolis, especially at the BRC but also by building an array of centers for excellence, new buildings for science and engineering, and creating new faculty positions. On campus, the ICC and related groups implemented many of the strategies that it analyzed in its discourse. This meant establishing a network of institutions at the university that supported all aspects of private wealth creation from university-generated research. Given the political climate of the 1980s and the focus on free enterprise among university and state officials (not to mention prominent

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<sup>81</sup>Micheal Wakelin’s “Globalization of Regional Development,” 43-52, is especially prescient in this regard.

businessmen), Kozmetsky was able to generate nearly all the necessary institutions to grow technopolis in a very short amount of time. Unlike new laboratories or offices, most of these institutions were not capital intensive. They worked within or next to established departments at the university to encourage entrepreneurship; their primary aim was to facilitate communication between researchers and, much like the early management style at the BRC in the 1950s and 1960s, organize potential research projects in disparate departments. They also made adjustments to curricula and staff that reflected a new entrepreneurial focus in the graduate school. In 1989 the ICC appointed nine Washington Fellows who were charged with studying entrepreneurial public policy implementation. The fellows worked with a number of non-profit policy organizations throughout North America. In the late 1980s UT became the first university in the U.S. to offer a PhD in Technology Transfer and an MBA in Management of Technology and Entrepreneurship.<sup>82</sup>

For Kozmetsky and his ICC cohort, generating new businesses was the foundation for a robust entrepreneurial capitalism that generated private wealth from public investment. Despite Austin's recent success in attracting branch facilities and some high tech relocations, ICC arguments denounced industrial relocation as a "zero-sum game," where one region benefits only at the expense of another. Indigenous companies, on the other hand, provide more long term economic benefits and add value to a community by harnessing local entrepreneurial energy. These companies generally begin very small and

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<sup>82</sup>Nancy Richey, ed., *IC2 Institute: The First Fifteen Years, 1977-1992* (Austin: IC2, 1993).

have a high degree of growth potential. Kozmetsky also reasoned that because they started locally they would have more ties to other local outfits, making it more likely that they would stay in Austin, use the Austin labor market, use input materials from local suppliers, and potentially attract high skill workers from other places. Obviously, Austin and the University of Texas were already in a prime position to benefit from entrepreneurial activity by the mid-1980s. Their focus was dual. Within the university the ICC expedited technology transfer for researchers with patents to generate revenue for the university. Second, they created the conditions for private businesses to originate from university research or with the assistance of university facilities and capital. The focus was on growing companies from the ground up.<sup>83</sup>

On campus the ICC helped to develop numerous offices whose sole purpose was helping the university profit from technology licensing. The Center for Technology Venturing, the Patent and Licensing Administration, the Technology Transfer Center, and the Office of Technology Transfer (OTT) coordinated research between scientists in the College of Engineering and academics in the business school, law school, and college of communications who specialized in transferring technology to market. These groups eventually merged into the large umbrella Office of Technology Commercialization,

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<sup>83</sup> See for example, George Kozmetsky, "Economic Growth Through Technology: A New Framework for Creative and Innovative Managers," in Eugene B. Konecni, et. al., *Commercializing Technology Resources for Competitive Advantage* (Austin: IC2 Institute, 1986): 1-49, particularly 6-11; Raymond W. Smilor, "Building Indigenous Companies Through Entrepreneurship," in Eugene B. Konecni, et. al., *Commercializing Technology Resources for Competitive Advantage* (Austin: IC2 Institute, 1986): 85-99. While building indigenous companies does create wealth, that wealth is still regional, however. The consistent growth of the Sunbelt, for example, has been concomitant with the consistent economic contraction of many older industrial cities.

which now occupies the former MCC office building at the BRC. The ICC also created the University of Texas – Austin Entrepreneurs Council, which linked potential university startups and other young companies with more established professional firms in Central Texas as well as government figures who worked on technology patenting and licensing. The ICC stressed the social benefit of these programs and of technology transfer more broadly in a 1993 pamphlet chronicling the institute’s history: “The University’s technology transfer activities provide meaningful opportunities for all Texans. The success and strength of these efforts are due in large measure to the ability of University faculty and students to be scientifically creative, technologically adept, managerially innovative, and entrepreneurially pioneering.” Managed correctly, technology commercialization and free enterprise can have positive effects for all Texans.<sup>84</sup>

To facilitate startup businesses with potential, the ICC and RGK Foundation built networks to acquire seed and venture capital and develop other sources of private investment for university-generated startups. Access to venture capital has been one of the most important components to success for technology startup and spinoff companies. Essentially, venture capital is pooled private capital managed by a professional fund that seeks selective investments that have very high potential rates of return. Firms select quality investments and channel high amounts of capital into them. Clearly, the MCC decision to locate in Austin spurred venture capital organization in the region. In 1980,

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<sup>84</sup> Nancy Richey, ed., *The First Fifteen Years, 1977-1992* (Austin: IC2 Institute, 1993).

Austin had almost no venture capital money. By 1986 the city had five venture firms managing nearly \$80 million, with both figures growing exponentially during the 1990s.<sup>85</sup> The ICC facilitated venture investments by creating its own network of investors. The Texas Capital Network (TCN), which Kozmetsky helped to found, was a university-operated venture capital network that primarily supported university-sponsored business projects. The main objective was to connect potential investors with suitable startups. In 1992 the TCN had a database with more than 200 investors and a yearly investment amount over \$12 million in Texas technology outfits. Kozmetsky himself, as well as other university administrators, often provided seed capital and business advice to potential startups generated at the university.<sup>86</sup>

The most significant and obvious ICC attempt to generate private business from within the university was the Austin Technology Incubator (ATI), a 1989 addition to the ICC presence on campus that gave young technology companies space, consulting, and networking advice. Even before ATI was founded, a majority of small and medium-sized technology businesses in Austin were affiliated with the university. As of 1986, 52 percent of the 103 small and medium technology-based firms in Austin had founders who were University of Texas graduates, students, faculty members, or employees.<sup>87</sup> As a

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<sup>85</sup>David V. Gibson and Raymond W. Smilor, "The Role of the Research University in Creating and Sustaining the U.S. Technopolis," in David V. Gibson, Raymond W. Smilor, and Alistair M. Brett, eds. *University Spin-off Companies: Economic Development, Faculty Entrepreneurs, and Technology Transfer* (Savage, MD: Rowman and Littlefield, 1991): 31-70.

<sup>86</sup>*IC2 Institute.*

<sup>87</sup>David V. Gibson and Raymond W. Smilor, "the Role of the Research University in Creating and Sustaining the U.S. Technopolis," in David V. Gibson, Raymond W. Smilor, and Alistair M. Brett, eds.

potential boon to the local economic environment, the ICC also received financial contributions to create ATI from the Graduate School of Business, the City of Austin, the Austin Chamber of Commerce, and some private companies. The initial capitalization was only \$288,000, demonstrating that the incubator was more a learning center than an investment-oriented facility, although companies obviously benefitted from fiscal investment. Any young company was encouraged to apply, regardless of university affiliation. Many companies were university-generated, but others were spinoffs from private firms and Austin consortiums MCC and Sematech. Competition to get into ATI was fierce from the beginning; within two weeks of the incubator's founding, 131 inquiries were received from potential applicants. Prospective companies presented business plans to ATI and were selected for admission on a competitive basis. After roughly two years, depending on how long it took each company to bring a product to market, companies were graduated from the program into the private sector after building skills, contacts, and workforce.<sup>88</sup>

The primary functions of ATI were both financial and didactic in attempting to fill the chasm between research laboratory and market. ATI's financial investments in promising fledgling companies were similar to seed capital, an initial, relatively small, investment made to get an outfit off the ground. They provided office and lab space, free marketing and legal consultation, free graduate student labor in the form of statistical and

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*University Spin-off Companies: Economic Development, Faculty Entrepreneurs, and Technology Transfer* (Savage, MD: Rowman and Littlefield, 1991): 31-70. Stats on 55.

<sup>88</sup> N.A., "Technology incubator will bring new companies to life in Austin," *Alcalde*, May/June, 1989/Folder, "Incubators/ATI"/Box 99-119-9/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas.

other analyses, along with networking seminars to introduce their young tenants to more established companies in their field, without expecting any financial return on their initial investment or equity in the company. The university itself, while not providing any direct funding to ATI, allowed the companies access to university resources such as labs and libraries at no charge. Most startups at ATI were founded by science and engineering entrepreneurs with technical backgrounds. From a didactic perspective, ATI sought to give these engineers experience in running a business – market research, advertising, sales, and management – that they might not have otherwise. ATI also organized courses and workshops for the Austin business community specifically focusing on small business development and teaching small business about the SBIR programs available to them.

Although ATI's primary focus was on building local companies up, many of which spun out of the university or private companies or needed help transferring technology to market, it also functioned as a magnet that pulled some startups from other geographic areas to Austin. One of the early, successful graduate companies was Pencom, a software engineering company that relocated to Austin from California to enroll in ATI. The agglomerative potential that ATI created was enormous. Tenant companies were tied to local markets and social networks from the time they enrolled in the incubator, greatly enhancing the chance that they would stay in Austin after graduation. For Kozmetsky, ATI was also a way to put the millions of square feet of vacant office space created by the real estate bust to use. Throughout the 1990s, ATI



diversified its tenants, adding biotechnology and clean energy companies that fit in with the city's growing focus on green technologies. ATI also garnered more national attention; in 1999 it was highlighted on CNN's program "Business Unusual." As of 2011, ATI graduated over 200 companies with a total exit value of over \$300 million, as well as \$750 million in investor capital. Certainly ATI has been one of the most efficient wealth generators from the university.<sup>89</sup>

### **Becoming a City: Growth and Externalities in Technopolis**

From 1980 to 2000, Austin and its environs experienced unprecedented growth. In those two decades the Austin Metropolitan Statistical Area (MSA) more than doubled, adding nearly 650,000 residents. Much of the growth was driven by large firms relocating to Austin. Before MCC, large companies like Lockheed, Abbott Labs, and ROLM Corporation added thousands of jobs to the local economy. Later in the decade, 3M and Applied Material Inc. moved large production and research facilities to Austin, highlighting another round of economic growth for the city. From 1982 to 1985, Austin added 10,000 manufacturing jobs, two-thirds of which were in the high tech category. During the 1990s, both demographic growth and prosperity in Austin were even more extraordinary. The city grew by forty-one percent, roughly 280,00 jobs were created, and

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<sup>89</sup> Tom Fowler, "ATI shift gears in effort to compete," *Austin Business Journal*, March 26, 2000; N.A., "ATI draws CNN's attention," *Austin Business Journal*, February 25, 1999; ATI Website, <http://ati.utexas.edu/about>, accessed August 20, 2011; Robert Tindol, "Austin Technology Incubator goes into operation," *On Campus*, February 13-19, 1989/Vertical File, "Austin, TX – Industries"/Dolph Briscoe Center for American History, Austin, Texas.

per capita personal income rose from \$18,092 to \$32,039, a staggering increase of over eighty percent.<sup>90</sup> Despite the economic downturn in Texas and Austin in the mid-1980s, *Inc.* magazine named Austin the best city for business in the U.S. in 1988. In 1988 the city also landed its second major consortium, Sematech, whose mission was to increase U.S. competitiveness in semiconductor manufacturing. The package that Austin put together to attract Sematech was similar to the MCC package. The University of Texas guaranteed roughly \$38 million in bonds to build a “superclean” laboratory for Sematech, which would rent it for one dollar a year. The industrial facility was built in Montopolis, far to the southeast of downtown and one of Austin’s poorest, least white neighborhoods. The university also drew \$15 million directly out of the PUF, and made it immediately available to Sematech on their arrival. In all, the package, funded mostly by the university but also by the city, state, and private businesses, totaled nearly \$70 million. Like MCC, Sematech was a safe bet to bring economic gains to Austin regardless of its success. The DOD, an active participant in Sematech, guaranteed \$500 million of funding for the new consortium over five years, and the thirteen private firms invested in Sematech already produced well over half of the U.S.’s semiconductors.<sup>91</sup>

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<sup>90</sup> City of Austin, “Austin’s Economic Future: The Mayor’s Task Force on the Economy,” (Report, 2003), 5

<sup>91</sup> Damond Benningfield, “Chipping In,” *Austin*, January, 1989/Folder, “Sematech, 1988-1993, folder 1”/ Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas; Thomas C. Hayes, “Is Austin the Next Silicon Valley?” *New York Times*, January 13, 1988/Vertical File, “Austin, TX – Industries”/Dolph Briscoe Center for American History, Austin, Texas; Elizabeth Whitney, “How Austin snared Sematech: the view from the other side,” *Austin American Statesman*, July 24, 1988/ Folder, “Sematech, 1988-1993, folder 1”/ Box 99-119-2/Ovetz (Robert) Papers/Dolph Briscoe Center for American History, Austin, Texas.

By 1996, when industry giant Samsung expanded into the Austin market and in the midst of Dell's unparalleled rise to computer industry leaders, Austin's vision of technopolis appeared fulfilled. Though nowhere near the agglomeration that was Silicon Valley, Austin's determined growth strategies and competitive outlook had increased the region's high tech market share by many times in less than two decades. The Greater Austin Chamber of Commerce Report "Next Century Economy" found that Austin created more jobs in the semiconductor industry between 1990 and 1996 than any other high tech city benchmarked in the report. Another 1996 study found that Austin also led the nation in patent production growth over the previous decade, and the region was second to Silicon Valley in patents per resident. While not exactly an indicator of economic vitality, the number and variety of patents produced in Austin suggest a robust and diverse research climate in the city.<sup>92</sup> What is striking about Austin's industrial growth is the diversity of firms the city produced and attracted within the high tech framework. While large company growth and relocation, along with the consortiums, provided large amounts of economic stimulus and national prestige, small, indigenous companies in the high tech industry provided the continuous, consistent growth that sustained the city and region. In 2003, for example, a Mayor's Task Committee found that small businesses (less than fifty employees) comprised ninety-four percent of all Austin businesses, over seven percent higher than the nationwide average. In all, over 2,000 high tech firms opened for business in Austin during the 1990s, over ninety percent

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<sup>92</sup> Neil Orman, "Austin Tops in Patent Growth," *Austin Business Journal*, December 1, 1996. <http://www.bizjournals.com/austin/stories/1996/12/02/story2.html>, accessed August 17, 2011.

of which had less than fifty employees. At all levels of the high tech industry, techno-capitalism in Austin continued on its robust path throughout the 1990s.<sup>93</sup>

But judging the success of techno-utopia, the discursive effort to invest in technology-based growth for the benefit of all citizens, is more difficult. In an economic and social landscape increasingly defined by regional and metropolitan competition, local benefits do not necessarily confer to wider geographic regions. Urban theorists have demonstrated that cities function more like hotspots in the postindustrial economic landscape than as centralized points which emanate outward; rather than generating wealth in hinterlands around them, like Chicago during the late nineteenth and early twentieth centuries, for example, cities are increasingly linked to other cities and parts of the world more so than their immediate hinterlands.<sup>94</sup> Cities are increasingly unhinged from their surroundings, in a world where capital is progressively defined by knowledge production and information is accessible in real time from anywhere. This is to say that while Austin may generate wealth for other regions in the Texas and the Southwest, that wealth is produced unevenly. It is uncertain if the Texas investment in Austin as a high tech center of research and electronics production has brought benefit to the state as a whole, and certainly the benefits it has brought have not been realized evenly across class, race, or gender spectrums. High tech investment in Austin, while supported by a

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<sup>93</sup> City of Austin, "Austin's Economic Future: The Mayor's Task Force on the Economy," (Report, 2003), 25; N.A., "Blame it on the Typewriter," *The Economist* 380. 8496 (September 23, 2006), 74. <http://web.ebscohost.com/ehost/detail?vid=3&hid=112&sid=23163620-a7de-4361-91f7-ce2b036580c0%40sessionmgr113&bdata=JnNpdGU9ZWZwhvc3QtbG12ZQ%3d%3d#db=a9h&AN=22469359>, accessed June 8, 2009.

<sup>94</sup> William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: W.W. Norton, 1991).

discourse of egalitarianism, has in reality been much more lucrative for the highest socioeconomic strata of Texans: bankers, real estate developers, scientists, and investors.

One issue that undermined Austin's growth was the increasing capital investment in defense-related technologies at the University of Texas and the related decrease in funding for undergraduate education, particularly in non-science and engineering fields. While the university diverted hundreds of millions of dollars towards packages for consortia, new research facilities, super computers, endowed chairs (that it had trouble filling), and commercializing ventures of all sorts, it simultaneously cut budgets for undergraduate education dramatically and raised tuition dramatically. Robert Ovetz reports that between 1984, the year that state oil revenues plummeted, and 1987 the board of regents cut over \$300 million in funding throughout the University of Texas system while funding huge incentives packages for MCC, Sematech, and undertaking an array of improvements at the BRC and other profit-making enterprises around campus. Between 1985 and 1993, undergraduate tuition increased by 600 percent and graduate tuition increased by 1300 percent. Financial aid and library funding were dramatically decreased during this period, and hiring in liberal arts departments was minimal. The economic growth of Austin and the profit-generating portions of the university came at the expense of the traditional function of state universities, providing broad education for young citizens. The shift toward entrepreneurialism at the university may be more troubling because of the nature of its officials and policy makers. Unlike cities or states, university

officials are not elected. Even though they represent an ostensibly public institution, they are not beholden to citizens.<sup>95</sup>

The impact of the defense industry, on campus and in a great deal of Austin's private sector, in the 1980s, demonstrates the techno-capitalist logic that subordinates science and engineering education to the strict needs of capital and federal defense initiatives. Thus, like many cities that have prospered since World War Two, Austin's industrial growth during the 1980s came as a part of the military-industrial-academic complex that invested in Austin's accumulation and underpinned its growth. At the university, most units that received heavy levels of federal funding, and many that received financial investment directly from the university, were doing research directly related to defense. This was especially true of the ARL and the CEM in the 1980s, both of which reaped the benefits of the BRC investment and high tech clustering around it through the 1980s. To realize the most profit possible, the university also hired or retained administrators and researchers with ties to military programs. The emphasis on military connections was also obvious in the types of large firms that Austin attracted throughout the 1980s; Lockheed, 3M, TRACOR, most semiconductor companies, as well as MCC and Sematech were significantly funded by DoD contracts, meaning that research undertaken at their facilities was driven largely by the interests of the DoD.

From an ideological perspective, the logic of techno-capitalism dictated a sharp increase in the entrepreneurial activity of the university in the quest for accumulation.

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<sup>95</sup> Ovetz, "Entrepreneurialization," particularly 52-58.

The state and university functioned in highly entrepreneurial capacities. Unlike previous eras at UT and other universities such as Stanford, in the 1980s the University of Texas became much more than a generator of technical knowledge, creativity, labor, or a host for private companies, although all those functions increased markedly during the period. The university also assumed the new function of being an active investor in the economic growth of the region, funneling hundreds of millions of public dollars to external firms and consortia. The liberalization of state laws and university policy to facilitate the transfer of public wealth was undoubtedly an attractive force for agglomeration, especially after the “The Texas Incentive for Austin” made it obvious that university assets would be unleashed in the scramble for regional surplus value creation through high tech. Business and university leaders, as well as politicians, understood the university, and its impressive financial wealth, as a business asset, and they treated it accordingly. The ICC and related facilitators of entrepreneurialism on campus fulfilled a similar function, which was to generate private accumulation from largely public investment.

What is perhaps more troubling about the techno-utopia concept is its failure to generate wealth for large segments of the population in Austin and the Austin SMA, as well as the creation of externalities associated with techno-capitalism in Austin and elsewhere. Like earlier periods of intense economic growth in Austin, the technopolis period exacerbated class and race difference rather than producing even growth. George Kozmetsky and other ICC scholars reasoned that the diversity and vitality of small

businesses produced by the entrepreneurial economy in Austin would create sustainable growth in all levels of society. Producing diverse small businesses was a major goal of ATI, SBIRs, and other ICC-affiliated groups. Apparently, Austin succeeded in this regard. But the trickle-down nature of economic growth in technopolis only trickles so far down.

### **From Technopolis to Creative City: The Roots of Creativity and Military-Industrial-Academic Accumulation in Austin**

In the 1950s, Austin's business and political leaders and the University of Texas began planning economic growth based on new regimes of accumulation which emphasized knowledge work, technological expertise, and expanding links between academic research and the growing military industrial complex. Although the process was not rapid, by the early 1980s the city and university had accumulated a wide array of businesses, programs, and spaces that facilitated technological production and made knowledge work a leading sector in Austin's economy. During the 1970s and 1980s the university also developed an ideological and didactic component that sought to validate and disseminate neoliberal business practices and viewed the university as a generator of accumulation in an effort to stimulate local economic growth. Public accumulation was also supported by a discourse that stressed global technological competitiveness as well as regional economic accumulation through technological production. Contrary to much



that is written about neoliberal economic practices, at UT this growth was driven by overt relationships among state government, the university, and private business interests, all of whom invested in Austin as the research apparatus of Texas's attempt to incorporate a strong technology component into its economy. In application, this technique of accumulation harnessed public capital investment and used it to generate private wealth; despite investment from around the state, a disproportionate amount of wealth was generated in and around Austin. Although discursively the private wealth that was generated was imagined as beneficial to all aspects of society, in reality private distribution of wealth was brutally uneven. The rapid growth of Austin's technology sector in the 1980s and 1990s is thus largely the product of both uneven public investment and an ideological apparatus that sought to generate private wealth from that public investment.

It must be noted, then, that federal military spending, in both public and private sectors, is the direct antecedent to a large portion of Austin's creative economy and made up the brunt of Austin's technological agglomeration for some time. Federal military spending is also what engendered Austin's intensified growth in the early 1980s and brought the city national attention as a potential technopolis and heir to Silicon Valley. Most of Austin's large technology firms in the 1980s, such as ROLM, Schlumberger, Motorola, TRACOR, Lockheed, and AMD were major defense contractors. The University of Texas consistently invested in its laboratories that were heavily sponsored by defense contracts, sometimes to the detriment of other programs on campus. This

uneven investment in defense-related technology represents the subordination of knowledge, and especially scientific knowledge, to capital. MCC and later Sematech, which were both made up almost entirely of defense contractors, were drawn to Austin by public capital that centralized itself at the university. At the center of Austin's agglomeration were the ICC and George Kozmetsky, along with other defense-affiliated administrators such as Hans Mark. Many universities drew heavy federal funding for defense-related projects in engineering departments and for special university-affiliated research teams. What made Austin and the university unique was their ability to successfully harness that investment, get a variety of business and political actors to support it, and then generate private development and urban growth from it.

The university's many programs, institutes, centers, and laboratories that facilitate technology commercialization have generated a great deal of Austin's creative economy. Because most technology-business development programs emphasize links with local venture capitalists and angel investors, as well as more experienced local firms in related fields, young companies are more likely to remain in Austin. Established external supply chains also encourage agglomerational behavior for young companies. Although Dell Computers was not directly linked to the ICC, for example, both institutional and casual relationships kept Dell tied to local suppliers and to mentors such as Kozmetsky. In turn, much of the enormous profits that Dell generated for local investors in the 1990s were reinvested into the economy as surplus capital, creating a robust service industry and upscale modes of production that have come to define the city's new forms of

consumption.<sup>96</sup> Much of the agglomeration that drew the technologically creative elements to Austin in the 1990s and later was established using defense funding and defense-related research in the 1980s.

The rise of Austin as technopolis and the relationship between military-based research and the creative city have important policy implications. First, in terms of creative city policy Austin's case must be viewed as an anomaly, not as a blueprint, because of the specific context of Austin's agglomeration. Rarely do state governments choose to invest so much capital into one city; even when they do, it seems unlikely that other states will be able to marshal the amount of capital, both public and private, that Texas did in an effort to increase the role of technological research in the regional economy. The cooperation demonstrated between state, local, and university representatives, as well as private business people, was also profound. Austin was also already the benefactor of de facto state investment because of the surplus generated by the state government and university. Second, most universities do not have the amount of liquidity that the PUF provided for the University of Texas. Liquidity allowed Austin to offer "cash on the table" incentives to both MCC and Sematech, which proved pivotal in their locational decisions. Liquid assets also allowed for extremely intense and efficient infrastructural investment in research facilities which drew a wide range of academics, companies, and other generators of wealth to Austin. University-generated startup firms were able to take advantage of a wide variety of resources produced by techno-utopists

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<sup>96</sup> Discussed in the following chapter.

using an array of funds and wisely integrating young companies into established local markets. These conditions are far from ubiquitous in many cities that wish to adopt the creative rubric.

The Austin case makes it apparent that it is not necessarily young, liberal, creative workers who drive creative accumulation. In Austin during the 1980s, scientific creativity was something to be harnessed and deployed in the interests of capital by business people such as George Kozmetsky. Creativity necessitates cultivation and investment. The ideologies of free enterprise and economic competitiveness were much more revered in Austin's business community than was quality of life or cultural attributes.<sup>97</sup> While Austin was of course widely considered an attractive place to live, the basis for its dynamic economy was not attracting and retaining young creative workers with a cultural apparatus, diversity, and tolerance. In fact it appears that the opposite was true. Many creative producers may have come to Austin based on the enormous amount of surplus capital generated by the dynamic high tech economy, but they were certainly ancillary components of technopolis as it grew into the creative city. Furthermore, there is little evidence of a significant overlap between Austin's scientific community and the city's burgeoning grassroots music scene or counterculture in the 1970s and 1980s. This

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<sup>97</sup> Laura Tuma, "The Scientific Edge," *Austin* (May, 1984)/Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas; Judy Hobbs and Mary Gail Rundell, "The Big Four," *Austin* (April, 1982)/ Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas; Hank Hogan, "Transforming Ideas into Products," *Austin* (May, 1989)/ Vertical File, "Austin, TX – Business (1 – General)"/Dolph Briscoe Center for American History, Austin, Texas.

indicates that Austin's tech agglomeration was generated by particular economic and political conditions much more than by an appealing social scene, diversity, or tolerance.

Diversity has, in fact, been curtailed in some ways by Austin's high tech growth. In the 1970s, the City of Austin began losing African American population. This trend has become even more acute since 1990 as the city has focused on attracting external labor supply or producing indigenous startups that require significant amounts of knowledge capital and initial economic investments for young entrepreneurs. Very little low skill, unskilled, or blue collar work exists in Austin, and the city has not made any attempt to create jobs for those labor markets nor has it provided an egalitarian public education system to train all students for knowledge work. The bifurcation of the labor market has become particularly acute. The city recently opened a center where employers can request casual day laborers on line rather than pick them up at informal locations, indicating an abundance of casual workers and the city's desire to minimize their presence in unregulated areas. This is not a new trend for the city, but it does represent an intensification of the socioeconomic and racial bifurcation that has characterized Austin for decades. As capital, much of it surplus capital generated by the high tech economy, recolonizes the central city, this bifurcation takes on a new geography consistent with other many other U.S. metropolitan areas undergoing varying degrees of concentration after years of growth that were almost entirely peripheral. In Austin, while development continues apace on the periphery, the central city is in the process of radical

transformation, most of which caters to various types of nascent consumption practices generated by the city's relatively high wages and a revaluation of urban lifestyles.

## CHAPTER FIVE: COLONIZATION THROUGH CONSUMPTION: THE CONTEMPORARY CREATIVE CLASS, RACE, AND PROGRESSIVISM

*“There is something essentially religious about working at Whole Foods . . . . I read countless labels extolling the purity of the milk and the value of the traditional cheese-making process. In produce, similar signs advertise the vitamin content and the organic nature of the carrots, kale, and celery. . . . The Whole Foods company, other signs tell us, works only with farms that treat their employees well. Whole Foods is anti-exploitation; our suppliers are without sin, and by the transitive properties of moral mathematics, so are our customers.”<sup>1</sup>*

In May 2010, one month before new residents began moving in, the new 683 foot Austonian condominium complex in downtown Austin opened its doors to the public to host the Women’s Symphony League of Austin Designer Showcase. From its groundbreaking in August of 2007, the new structure slowly began to dominate the Austin skyline until its completion two and a half years later. At more than 150 feet taller than the Frost Tower (Austin’s largest building when completed in 2004), the Austonian’s height allows motorists to locate downtown Austin from a number of new vantage points in the city’s hilly terrain. In November 2010, the complex received a four star rating from Austin Energy Green Building, the highest such environmental honor a building can receive in Austin. At the time of completion it was the tallest residential structure west of the Mississippi River, and one of three new condominium complexes in downtown Austin that rise over 500 feet. The Austonian is one centerpiece of a new downtown residential district that combines upscale aggregate living with upscale shopping in easy walking distance, a neighborhood developed according to the tenets of

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<sup>1</sup> Benjamin Aldes Wurgaft, “East of Eden: Sin and Redemption at Whole Foods Market,” *Gastronomica: The Journal of Food and Culture* 2.3 (Summer, 2002): 87-90. Quoted on 87. The author worked for Whole Foods at the time of writing.

New Urbanism and in consort with the Downtown Austin Developmental Plan produced by the city in 2008. These complexes have drastically remade the form of downtown and symbolize a new affluence in the central city. Such luxury and convenience are expensive, though; the Austinian's condominiums range from \$559,000 for a lower level one bedroom to upwards of \$8 million for a penthouse.<sup>2</sup>

Just blocks to the east, in the former de facto Mexican American neighborhood once imagined as an industrial park, recent development has been brisk along Sixth Street, one of the major commercial arteries of the Eastside. In the span of just five years, at least a dozen new bars and restaurants have opened in the transitioning neighborhood, all catering to mostly young white patrons. Some have taken the place of Latino neighborhood gathering places. The Eastside Showroom, Shangri-La, The Liberty Bar, Rio Rita, The Brixton, and Pete's Bar all opened on East Sixth Street from 2006 to 2011. Other older Latino bars in the neighborhood, such as the decades-old landmark Scoot Inn, with a multiracial past dating to the 1870s, have recently changed ownership, and their clientele changed from nearly all Latino to near all white in a matter of months.<sup>3</sup> The space has become a primary showcase for Austin's live music scene on the Eastside, replacing its former function as a site of community resistance and pride for Latino

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<sup>2</sup> ROMA Design Group, "Downtown Austin Plan, Phase One: Issues and Opportunities," (Report: January, 2008).

<sup>3</sup> Christopher Gray, "TCB Music News," *Austin Chronicle*, February 9, 2007, <http://www.austinchronicle.com/music/2007-02-09/444389/>, accessed August 2, 2011. The space was not entirely segregated, but the Austin's hipster music scene did not have a ubiquitous presence at the Scoot Inn until recently. Before 2004, the space was almost entirely Latino for quite some time.



neighborhood organizations.<sup>4</sup> Perhaps the most symbolically relevant new commercial installation in the neighborhood is the aptly-named Progress coffee shop, part of the Eastside's most dynamic live/work community known as 501 Studios, one of the city's most established new urban complexes. Although that particular neighborhood abuts downtown, Progress is a sign of the central Eastside's emergent transformation from dilapidated Latino barrio into a center of concentrated white amusement and consumption.<sup>5</sup>

Like many cities in the contemporary U.S., Austin is undergoing rapid social and economic changes that are remaking the central core of the city in the image of capital, a colonization of inner city space in the interest of consumption-oriented profit. Many commentators view renewed investment in the urban core as a product of the global turn to neoliberalism, which has had profound effects on spatial production that are linked to changing strategies of investment and new multinational conglomerates looking to profit from urban real estate and renewed forms of urban consumption. The most prolific form of reinvestment has come in the urban core, where real estate values depreciated during the collapse of Keynesianism with its attendant deindustrialization, ghettoization, and

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<sup>4</sup> United East Austin coalition, a large neighborhood organization, held their "Dia de la Raza" celebration at the Red Scoot Inn for a number of years up until the space suddenly changed hands in 2008. Other neighborhood events were held there as well. See, for example, "United East Austin Coalition's Dia de la Raza Festival, October 12, 2003," (pamphlet)/Folder, "N1900 (54) United East Austin Coalition"/Subject File, "AF – Neighborhood Groups"/Austin History Center, Austin, Texas.

<sup>5</sup> The area around Fifth and Brushy, adjacent to downtown just across IH 35, has been undergoing redevelopment since the 1980s due to its proximity to downtown. Texas Pacific Film and Video first located there in 1976. See Tom Fowler, "East Meets Tech," *Austin Business Journal*, April 11, 1999, <http://www.bizjournals.com/austin/stories/1999/04/12/focus1.html>, accessed October 4, 2008.

discursive “urban crisis” in the United States and the concomitant socio-geographic outmigration from the city known as “white flight.” As Jason Hackworth has shown, beginning in 1981 the federal government also severely reduced outlays for U.S. cities, again under the auspices of neoliberalism, which caused many cities to begin aggressively seeking private capital investment.<sup>6</sup> Real estate developers and municipal politicians in many cities, bolstered by easier credit, lower interest rates, and increasing deregulation under neoliberalism, began investing capital into a highly undervalued urban core seeking high profit margin in ground rents provided there was a middle class market for reinvested urban spaces.<sup>7</sup> This investment followed on the heels of more casual movement of middle class people and cultural producers into the urban core since the 1970s.<sup>8</sup> Investment was of course uneven, in terms of which cities drew investment and which neighborhoods within those cities were targeted for redevelopment. By the late 1980s and early 1990s, many older industrial cities were conducting centralized, high capital investment projects in and around downtown cores with the goal of bringing middle class dollars, and hopefully tax revenue, back into the city. Ballparks, urban malls, urban entertainment destinations (UED), and trendy boutiques and shopping districts, often subsidiaries of multinational corporations or national chains, became

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<sup>6</sup> Jason Hackworth, *The Neoliberal City: Governance, Ideology, and Development in American Urbanism* (Ithaca: Cornell University Press, 2007).

<sup>7</sup> Neil Smith, “Gentrification and Uneven Development,” *Economic Geography* 58.2 (April, 1982): 139-155.

<sup>8</sup> David Ley, *The New Middle Class and the Remaking of the Central City* (New York: Oxford University Press, 1996).

symbols of urban revitalization although they rarely had a positive economic or social impact on neighborhoods not targeted for development.<sup>9</sup>

While downtown rebuilding and gentrification in Austin are products of the same global economic forces that have generated new central city landscapes for decades, Austin's redevelopment is contextualized by a unique historical and spatial framework that is different from many larger, more urban cities. Since the City of Austin makes up so much of the developed metropolitan area and much of it borders on undeveloped rural land, peripheral development is a greater concern for the city than for bounded municipalities with large suburban rings. Austin citizens are likewise acutely aware of the city's developmental practices, particularly regarding their effects on the environment. Austin lacks the dilapidated industrial infrastructure common to urban redevelopment in many cities, and also has very low density relative to most U.S. cities. It also lacks professional sports stadia or large urban malls common to many redeveloping cities. Perhaps most significantly, Austin's history of environmental awareness as well as a distinct anti-urban bias, detailed in Chapters One and Three, complicates the city's narrative of redevelopment. Since the mid-1990s, when Smart Growth advocate Kirk Watson became mayor and the "Green Council" assumed leadership in Austin, environmental discourse has been crucial to redevelopment of the urban core; Watson

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<sup>9</sup> John Hannigan, *Fantasy City: Pleasure and Profit in the Postmodern Metropolis* (New York: Routledge, 1999).

intended to strike a balance between economy, environment, and equity in the hopes of creating a more livable city.

This final chapter looks at Austin's downtown redevelopment and Eastside gentrification both as products of global economic upheavals and as specific manifestations of Austin's history, geography, and ideology. Specifically, I analyze the mechanisms that support gentrification and the indigenous grocery chain Whole Foods Markets as well as recent census data. Changes have been largely institutional, but grassroots action has also influenced how development has occurred in Central Austin since the mid-1990s. Like other cities around the world, central city redevelopment has created investment, profit, and tax revenue for the City of Austin and many real estate developers. It has likewise acted as a force for concentrating capital back towards Austin's city center and dislocating poor minority residents from their historic neighborhoods. But what downtown and Eastside redevelopment also offer the city is a means and a discourse to combat suburban sprawl, which has been acute in Austin for decades, around the urban periphery and simultaneously stimulate accumulation by tapping unexploited niche urban-themed markets. For years, Austin imagined itself as a pastoral city, devoid of the problems of urbanity endemic to larger cities yet containing the social and cultural amenities larger cities afforded as well as a healthy economy. This non-urban image necessitated sequestering urban elements away from the residential, commercial, and social centers of the Austin in the designated area on the Eastside as well as overdevelopment on the urban periphery. Gentrification and downtown

development thus necessitated a revalorized idea of urbanity in Austin's symbolic landscape in an effort to take advantage of a possible urban niche market as well as assuaging grassroots anxiety regarding peripheral development, especially in environmentally sensitive areas. As the environmental movement in the U.S. turned towards sustainable urban development in the 1990s, Austin began opening its central and eastern areas, as well as the South Congress neighborhood, to accumulation based on mutually supportive discourses of sustainability, urban lifestyle, and responsible economic development. The concentration of capital in the central city has intensified the outmigration of minorities, especially African Americans, from those neighborhoods, but does not represent a break from historical patterns whatsoever. The idea of a "creative class" has emerged as a theme which validates municipal attempts to recapitalize the central city. This theme is most evident in the smart growth initiatives that generated the most successful attempts to reinvest in the central core beginning in the late 1990s.

For Austin, the regime of accumulation driving downtown redevelopment is accompanied by a discourse of sustainability that prioritizes specific forms of consumption and gives those forms social capital. Austin's primary modes (and nodes) of consumption and its festivals work in the interest of promoting and attracting creative class workers; this has been a primary municipal goal for some time, long before Richard Florida coined the term "Creative Class." My intention here is to illustrate how the growth of a creative, upper middle class in Austin has necessarily included a diminishing lower and working class increasingly separated from the city's centers of power socially

and geographically. While de jure racial segregation ended over forty years ago in Austin, the city has recently begun encouraging new forms of de facto demographic change in the central city that promote new class relations. East Austin is currently more integrated than it has been in the past, but it appears this is a phase in the dislocation of minorities more than a development with stable demographic trends. Central Eastside neighborhoods are now largely bifurcated between young professional newcomers and working or underclass families and elderly who have deep roots in the community. Consumption patterns and options are a primary manifestation of this growing chasm, as Austin consumers become more differentiated between localized, upscale production/consumption rhythms on the one hand and big box stores/non-local retailers on the other hand. Social capital through consumption in Austin is thus largely a reflection of socioeconomic class relations.

Additionally, I suggest that this new type of consumption in Austin (mostly local, environmentally conscious, ostensibly aware of production/consumption chains) is a growing trend more broadly in consumption patterns around the United States. I term this style of consumption “progressive consumption,” which indicates consumption that is both environmentally friendly and often supports local producers; healthy; and non-exploitative. I locate this new style of consumption in a long tradition of urban collective consumption, where consumption choices have indicated class status, demonstrated unevenness, and symbolized class relations in cities. My contention is that “progressive consumption,” while generally good for the environment and for production rhythms,

also represents an internalization of traditional ideas of progressive, grassroots action that in the past have worked toward social justice and improved class and race relations. In Austin, progressives have consistently focused on environmental concerns much more than social concerns. I argue that this internalization of progressive social action is ultimately a neoliberal structure of feeling; discourses of privatized, autonomous consumption have taken the place of discourses of collective social justice under restructured, largely neoliberal urban regimes. I suggest that the discourse of progressive consumption goes beyond the realm of the political and into the spiritual and the personal and corporeal, where responsible consumption practices are also considered healthy and attractive. If, as has recently been asserted, Wal-Mart represents the neoliberal epitome of rural, right wing consumption, what Bethany Moreton elsewhere calls “evangelical Christian capitalism,” then Whole Foods and other forms of locally-based, identity-driven producers market the dominant urban, progressive form of neoliberal consumption.<sup>10</sup> In this way, what mode of consumption one uses, or how and what one consumes, becomes the end of progressive social action; the outcome of this ideology is an increasingly fractured society where social justice is imagined to take place in the act of consumption, rather than in any cross-class social initiatives. Increasingly, then, the operative question regarding sustainable development is “for whom is the city sustainable?” Thus,

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<sup>10</sup> Bethany Moreton, *To Serve God and Wal-Mart* (Cambridge, MA: President and Fellows of Harvard College, 2009); Quote in Moreton, “The Soul of Neoliberalism,” *Social Text*, 92 *The Traffic in History: Papers from the Tepoztlan Institute for the Transnational History of the Americas* (Fall, 2007): 103-123, quoted on 116.

progressive consumption, while meaningful, can in some instances be viewed as neoliberal possessive individualism.

Geographically, this type of consumption is increasingly opposed to the suburbanized, shopping mall-based landscapes of consumption on the metropolitan fringe that characterized the postwar period and indicated an increasingly dispersed urban landscape.<sup>11</sup> In fact, some large traditional shopping malls that dot Austin's outer areas are dying, especially ones that are not located in upscale areas. This centralized, urbanized form of consumption also stands in direct geographic opposition to Wal-Mart and other megastores, which are almost entirely suburban and rural and increasingly lack cultural capital among educated, progressive consumers. As Edensor et al. write, "places are ranked against one another, creative attractive 'hot spots' – invariably downtown areas and cultural quarters – but also implicitly their spatial –'other': cultural deserts devoid of coolness."<sup>12</sup> These "deserts devoid of coolness" are also devoid of consumption choices and increasingly devoid of prosperity: the bleak, sterile suburban landscape dominated by tract housing, strip malls containing chain stores, and automobiles. To understand the new contemporary urban landscape in Austin it is imperative to outline a history of downtown and the central Eastside.

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<sup>11</sup> See, for example, Lizabeth Cohen, "From Town Center to Shopping Center: The Reconfiguration of Community Marketplaces in Postwar America," *The American Historical Review* 1.4 (October, 1996): 1050-1081.

<sup>12</sup> Tim Edensor, Deborah Leslie, Steve Millington, and Norma M. Rantisi, "Rethinking Creativity: Critiquing the Creative Class Thesis," *Spaces of Vernacular Creativity: Rethinking the Cultural Economy* (Hoboken, NJ: Taylor & Francis, 2009): 1-16. Quoted on 1.



## **Downtown in Historical Context**

Up until the 1960s downtown Austin functioned as the commercial core of the city and one of the few main centers of recreation and culture for Austinites. In 1960, eight major department stores were located in the central business district (CBD), as well as numerous smaller specialty shops. Downtown hosted many civic celebrations as well as the downtown Lake Austin recreational area and served as an important center of tourist consumption and professional conventions which harnessed circulating capital. As of 1958 almost all storefronts on Congress Avenue, the city's main commercial thoroughfare running directly south from the capital through downtown, were occupied by small businesses interlaced with small apartment buildings and historic mansions as well as a cluster of department stores around Congress and Sixth Street. Downtown also accommodated a majority of the city's white collar service industry, lawyers, accountants, banks, and other professionals. In the eastern portion of downtown, Sixth Street, the main east-west thoroughfare in downtown, catered to minority residents as well as whites and had a more entertainment-friendly group of businesses. As a center of an institutional city Austin's downtown was vital, but also subjugated to the capital complex and state university, both directly north of downtown, which were the two main symbols of Austin as capital of Texas and its two largest economic engines. Buildings in downtown were regulated by an ordinance stating that no structure could be higher than

the capital building, and the capital was set as the centerpiece of the entire area at the end of Congress, which functioned as a radial street. What little heavy industry was located near downtown was generally set to the eastern and southern boundaries of the area.<sup>13</sup>

Like many U.S. downtowns, widespread suburbanization after World War Two led to difficult times for downtown businesses by the early 1960s. As early as 1960, 4,500 decentralized shopping centers were doing \$45 billion worth of retail sales in the U.S., roughly twenty percent of the total.<sup>14</sup> All three of those figures more than doubled throughout the decade. Cracks in the downtown Austin economy appeared in the late 1950s, when the Austin Chamber of Commerce magazine *Austin in Action* began running a series of articles discussing the future of the central commercial district after widespread financial losses and some departures marred downtown. Architects identified the paucity of parking and the inconvenience of travelling downtown from the suburbs as the two main causes of decline, and both imagined centralized shopping malls as the cure for downtown's troubles. But new shopping centers were instead developed in rapidly expanding peripheral locations. Two regional shopping centers with department store anchors had opened in Austin's northern residential areas near the interregional highway (soon to be IH 35) by 1961. Sears and Wards, two of downtown's largest retailers, announced plans to leave for regional malls in 1959. In 1971 Austin's first modern

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<sup>13</sup> N.A., "The City's Changing Land Use Patterns," *Austin Business Executive*, March 1984/Vertical File, "Austin, Texas – Housing and Real Estate (Travis County)"/Dolph Briscoe Center for American History, Austin, Texas.

<sup>14</sup> Dorothy Blodgett, "Downhill for Down Town?" *Austin in Action* 2.2 (July 1960). Blodgett gets these statistics from the May 1960 issue of *Chain Store Age*.

enclosed mall, Highland Mall, opened about four miles north of downtown near the busy confluence of IH 35, US 290, and Texas highway 2222.<sup>15</sup>

From the 1960s through the mid-1980s, most capital investment and development flowed into the urban periphery, especially in the hills to west and northwest of downtown Austin, although downtown did experience a building boom in the 1980s. The first attempt at reinvestment in the CBD was the opening of America Bank Tower in 1974, but through the 1970s few other capital investments were made downtown as historic buildings crumbled and businesses left. The expanding state government filled much of the vacant downtown office space in an effort to keep it profitable and to alleviate crowding around the capital complex. The eclectic Sixth Street, filled with working class amusements and nightlife, became downtown's entertainment district, especially after Clifford Antone opened a music venue there in 1975.<sup>16</sup>

Investment in the CBD began in earnest around 1981, encouraged by easier access to credit and relaxed lending regulations as part of the neoliberal turn under Reagan, but real estate development also flowed to downtown because of the growing high tech market in Austin. Many service industries locating in Austin based on the

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<sup>15</sup> Blodgett, "Down Hill for Down Town?"; Arthur Fehr, "Beauty in a New Form," *Austin in Action* 1.8 (January, 1960); Edward Maurer, "Why not Downtown?" *Austin in Action* 1.7 (December, 1959).

<sup>16</sup> N.A., "The City's Changing Land Use Patterns;" Kelly Hodge, "Can the Boom Last?"; *Austin*, August, 1984/ Vertical File, "Austin, Texas – Industry (Cities)"/Dolph Briscoe Center for American History, Austin, Texas; Joe Nick Patoski, "Standing in the Way of Downtown Progress," *Texas Observer*, June 23, 1978/Vertical File, "Austin, Texas – Industry (Cities)"/Dolph Briscoe Center for American History, Austin, Texas. The historic Bremond Building, dating to 1852 and listed on the National Register of Historic Places, was uninhabitable by 1978.

growing technological agglomeration sought office space in more prestigious downtown locations. The MCC decision in 1983 and the relocation of 3M in 1984 engendered a frenzy of intense building in the CBD as well as near the center of the research facilities in northwest Austin. In Austin, office space more than doubled between 1979 and 1984, from roughly five million square feet to roughly ten million square feet, and then nearly doubled again between 1984 and 1987. By 1986 the CBD had five million square feet of office space, more than half of the rest of city combined. Numerous office, professional, and hotel developments began during the mid-1980s in the CBD: The Austin Centre, the 301 Congress Building, 100 Congress, One Capital Square, American Plaza, and One Congress Plaza were some of the larger projects undertaken by external developers. High rise condominium developments accompanied the office market boom. The \$60 million Towers of Town Lake, which offered “a perfect synthesis of natural beauty and luxurious urban living for those who accept only the best,” exemplified the mix of nature and urbanity characteristic of downtown Austin discourse for decades. At the WatersMark development on the south banks of Town Lake near Congress Avenue, which featured a private, manmade island in Town Lake, the cheapest one bedroom space sold for \$200,000 while penthouses ranged up to \$1 million.<sup>17</sup>

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<sup>17</sup> Hodge, “Can the Boom Last?”; Joe Bienvenu, “Austin Emerging as a Major High Tech Center,” *Southwest Real Estate News* (January, 1986)/ Vertical File, “Austin, Texas – Industry (Cities)”; Dolph Briscoe Center for American History, Austin, Texas; N.A., “Neighborhood Opens Doors to Towers of Town Lake,” *Austin* (February, 1982)/ Vertical File, “Austin, Texas – Industry (Cities)”; Dolph Briscoe Center for American History, Austin, Texas; Amy Browder Wick, “Uptown Living in Downtown Austin,” *Austin* (July, 1982)/ Vertical File, “Austin, Texas – Industry (Cities)”; Dolph Briscoe Center for American History, Austin, Texas.

## **Geographic Reconciliation: Smart Growth, the Environment, and Centralized Investment**

Despite consistent efforts to revitalize downtown and attacks on irresponsible suburban building from environmentalists, from the 1970s through the mid-1990s Austin's growth was characterized by peripheral development, often times in the environmentally sensitive Barton Creek watershed or over the Edwards Aquifer. Throughout the 1980s a citywide environmental organization known as Save Our Springs Alliance (SOS) coalesced from many smaller neighborhood and environmental groups. The SOS coalition fought bitterly with developers throughout the 1980s and 1990s, especially regarding planned developments over the Edwards Aquifer Recharge Zone (EARZ), which fed Barton Springs and made up a good deal of municipal drinking water. Throughout the 1980s and 1990s the issue was so contentious that one journalist wrote, "since the beginning of the fight over water quality this town has been a battleground between real estate developers and those who would rather swim than shop."<sup>18</sup> The land over the aquifer was considered prime for suburban tract development because of its natural beauty and location on the edge of the Hill Country. SOS won a huge victory in 1991 when the city passed a series of zoning ordinances that made development over the aquifer very difficult. Battles between environmentalists and developers, led by the Real

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<sup>18</sup> Kayte VanScoy, "Bonding over the Bonds: Council's Dreams come True," *Austin Chronicle*, May 8, 1998, <http://www.austinchronicle.com/news/1998-05-08/523430/>, accessed September 14, 2011.

Estate Council of Austin, ensued over many planned developments over the next five years. By 1997, the city had elected the “Green Council,” made up of many longtime Austin environmentalists, with Kirk Watson as mayor. William Swearingen sees this election as the apogee of environmental meaning in Austin, where quality of life advocates finally and convincingly dispatched the development-oriented growth coalition, saving the city’s sense of place from destruction.<sup>19</sup>

Watson and his council immediately began a campaign to institute smart growth, a national urban planning movement that encouraged blending quality of life issues with economic development initiatives to create sustainable communities. The smart growth movement in city and regional planning was an attempt to create policies that promoted and rewarded the implementation of New Urban designs: pedestrian-friendly, mixed use, transit-oriented, filled with open spaces, and properly dense according to local guidelines in order to create human scale, sustainable communities.<sup>20</sup> In Austin, smart growth was primarily seen as a means to protect the environment as a place of pristine beauty and recreation for citizens while mitigating, but not destroying, economic and demographic growth by funneling it into already-existing areas of the city. The most immediate concern for Watson was protecting undeveloped land in the hills west of Austin over the EARZ, which would preserve Barton Springs and assuage concerns from many environmentalists who had made the springs into the symbolic center of Austin’s

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<sup>19</sup> Swearingen, *Environmental City*, 164-174.

<sup>20</sup> Andres Duany, Jeff Speck, with Mike Lydon, *The Smart Growth Manual* (New York: McGraw-Hill, 2010).

attractive natural qualities. The pragmatic benefits of controlling development over the EARZ were also important. Rainwater that passed through unspoiled plants and grasses was naturally filtered before it reached the aquifer, whereas impervious ground cover failed to filter the water and also caused industrial pollution associated with concrete and other building materials to enter the aquifer and ultimately Barton Springs.

Watson's first effort to shift development away from the EARZ was a bond package that the Green Council proposed for vote in May 1998 and a concomitant Smart Growth Initiative (SGI) proposal that intended to radically shift the geography of investment and growth in Austin. To set aside unspoiled natural areas, the initiative sought to protect Balcones Canyonlands Preserve to the northwest of the city, constrain development along urban creeks, and institute protective measures over much of the aquifer. To promote responsible development the SGI advocated neighborhood-based development groups that would actively participate in developmental issues, while also forcing builders to conform to determined sustainable building guidelines outlined by the SGI. Most importantly, SGI sought to channel building into specific areas of the city. Similar to the Austin Tomorrow recommendations, the SGI proposal created three geographic zones that determined where development was most and least appropriate. The Drinking Water Protection Zone (DWPZ), which conformed to western watersheds that fed the aquifer or supplied water directly, was the least desirable zone for development. It included almost everything west of Lamar Boulevard stretching south into Hays County and north to Austin's city limits. The second zone was the Desired

Development Zone (DDZ), which made up the rest of the city proper and some outside environs exclusive of the central area. Finally, the Urban Desired Development Zone (UDDZ), roughly bounded by Lamar on the west, State Road 45 and US 183 to the north, US 183 to the east, and a combination of the Colorado River, IH 35, and US 290 to the south to include central South Austin, was based on funneling development inside urban watersheds.<sup>21</sup>

The actual bond package planned to use public funds to aggressively mitigate development over the aquifer. Bond propositions one and three funded flooding control in East Austin and protections on Walnut Creek. Proposition 2, the lynchpin of the three proposition bond package, promised to raise \$65 million dollars for the city to be used to purchase 15,000 acres of land over the EARZ, providing for a dumbbell-shaped “water quality buffer zone” stretching from south of Brodie Lane northwest to the intersection of highway 71 and RR 2244. The city would acquire much of the land outright and maintain development rights over the rest, meaning it was owned privately but could never be developed.<sup>22</sup> The passage of the bond would indicate an obvious victory for environmental conservation, and was supported by environmental groups across Austin. Surprisingly it was not only environmentalists who supported Prop. 2; the Greater Austin Chamber of Commerce supported the entire bond package as well, indicating a coalition

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<sup>21</sup> Mike Clark-Madison, “A City with Smarts: Austin Wising Up to Growth Plans,” *Austin Chronicle*, April 17, 1998. <http://www.austinchronicle.com/news/1998-04-17/523318/>, accessed July 20, 2011.

<sup>22</sup> Kevin Fullerton, “Green Acres: Prop. 2 Seeks to Protect Water Quality – but at a Price,” *Austin Chronicle*, April 10, 1998. <http://www.austinchronicle.com/news/1998-04-10/523270/>, accessed September 14, 2011.



between business and environmentalists rarely seen in Austin. The bonds passed in May 1998.

If the May bond package was a key for ensuring environmental protections around the aquifer and Barton Springs, the much larger bond package passed in November 1998 signaled the beginning of heavy capital influx into the downtown core under the auspices of environmental protection. The ten proposition bond package, worth around \$712 million in capital improvements, funneled massive infrastructural improvements into the Desired Development Zone, and particularly into the Urban Desired Development Zone. Daryl Slusher, longtime environmentalist and city council member, thought that the bond package provided more for East and South Austin than any other areas of the city; between eighty and ninety percent of the improvements were in the Desired Development Zone. The massive bill set aside money to rebuild roads and water systems, buy and improve land for parks, pay for new police people, libraries, and cultural centers, plus improve flood control in central East Austin neighborhoods. Bond improvements to the central core of the city facilitated investment in the areas designated for infill, the optimal type of smart growth for Austin.<sup>23</sup>

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<sup>23</sup> Mike Clark-Madison, "Bonds Election Cliffs Notes," *Austin Chronicle*, October 23, 1998, <http://www.austinchronicle.com/news/1998-10-23/520499/>, accessed September 14, 2011; Mike Clark-Madison, "Austin Tomorrow: Building on the Past," *Austin Chronicle*, October 23, 1998, <http://www.austinchronicle.com/news/1998-10-23/520487/>, accessed September 14, 2011; N.A. "Naked City," November 13, 1998, <http://www.austinchronicle.com/news/1998-11-13/520610/>, accessed July 20, 2011.

Under the auspices of smart growth, Kirk Watson and the Green Council were able to appease environmentalists by concentrating developing in the UDDZ, away from Austin's symbolic centers of environmental meaning. They funneled development into the urban core by funding infrastructure and recreational improvements near the city center, and also began offering businesses incentives to relocate downtown. Because downtown development and the cost of office space downtown were more expensive than in outlying areas, the SGI offered special incentives for businesses that located downtown. The city's record budget surplus, created by the explosion of the software industry and the dotcom boom in Austin, allowed council members to experiment with liberal incentives packages to attractive downtown developments. The council created a Downtown Developmental Advisory Group (DDAG) in 1997 to expedite permit applications and assess the economic potential of specific downtown projects for the city. It also introduced a downtown revitalization program that encouraged infill and retail development in the CBD by offering fee waivers, infrastructural subsidies, and in some cases tax exemptions to new downtown projects.<sup>24</sup>

Within months of the bond packages, two large scale projects had been approved for development under SGI protocols in the CBD. The first was the mixed use development centering on the Computer Science Corporation (CSC), the first major high tech outfit to seek a downtown office location. CSC was considered the centerpiece

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<sup>24</sup> Jenny Staff, "Speed Up with Downtown," *Austin Chronicle*, December 11, 1998, <http://www.austinchronicle.com/news/1998-12-11/520786/>, accessed September 14, 2011.

tenant in the new downtown. Its campus was designed to surround the new City Hall and be integrated with upscale residential complexes. CSC's formal application for SGI status was waived by the city because of the company's potential to increase Austin's workforce by 3,500 people and its decision to locate in the UDDZ. CSC employees working in the CBD averaged roughly \$100,000 annual salaries, enough to comfortably live in proximity to the downtown campus. The CSC project was flanked by high end apartment complexes developed by AMLI, which was given development rights to surplus downtown land in 1998. The full project was completed between 2000 and 2004. The second large project was a \$70 million, 420,000 square foot shopping center to be built at the corner of Sixth and Lamar called the Austin Marketplace. The city approved \$2.1 million in development incentives for the project, including waiving the sewage and inspection fees and paying for sewage lines and storm drains. Initial plans called for a retail-based urban mall anchored by Target with a movie theater and several smaller retail shops and restaurants.<sup>25</sup>

The first efforts towards responsible downtown infill were geared towards creating multiple uses for downtown, but they also catered to the tastes of young high tech workers with large amounts of disposable income. Similar to the high tech agglomerations that grew around technology office parks in the northwest hills, planners

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<sup>25</sup> Staff, "Speed;" Mike Clark-Madison, "The Lay of the Land," *Austin Chronicle*, February 5, 1999, <http://www.austinchronicle.com/news/1999-02-05/521125/>, accessed July 20, 2011; N.A., "Naked City," *Austin Chronicle*, November 13, 2008, <http://www.austinchronicle.com/news/1998-11-13/520610/>, accessed July 20, 2011; Kevin Fullerton, "If you Build it . . . What Dreams may Come," *Austin Chronicle*, February 5, 1999, <http://www.austinchronicle.com/news/1999-02-05/521119/>, accessed September 14, 2011.

envisioned downtown as a concentrated live, work, and play area that facilitated face to face interaction among high tech workers and created myriad casual working spaces – bars, coffee shops, restaurants – within easy walking distance. Downtown space was envisioned to provide stimulation to knowledge workers, who increasingly performed informal mental labor outside of traditional office settings and in free time. But downtown Austin, like many other U.S. downtowns, was also increasing in cultural capital by the turn of the century.<sup>26</sup>

While SGI-driven downtown development in the early 2000s stalled after the dotcom bust in 2001, it did represent a wholesale commitment to channeling investment back into the city center and revalorizing the idea of urbanity, long considered inferior to the pastoral in Austin. Unlike the speculation-fueled and quickly planned chic high rise investments that characterized CBD growth in the 1980s, smart growth featured more holistic plans that encouraged full regimes of production and consumption: office, residential, and real estate in the mold of an emerging upper class urban village. As in most other cities, development in Austin has increased in the CBD under neoliberal regimes seeking to maximize profit in undervalued urban real estate prime for niche market consumption. But what differentiates Austin is the direct connection between environmental conservation and CBD development under the banner of smart growth. Unlike many other cities that implemented aggressive downtown revitalization strategies

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<sup>26</sup> Dulan Rivera and Bill Bishop, “High Tech Companies Leading the Charge Downtown,” *Austin American Statesman*, March 3, 2000/Vertical File, “Austin, TX – Neighborhoods and Neighborhood Groups (2 – misc.)”/Dolph Briscoe Center for American History, Austin, TX.

during the 1980s and 1990s, Austin saw substantial tax revenue and growth from peripheral development during that period. The move to reinvest the central city was based more on ideology than on economic need, although emphasis on infill in the urban core gave the city a discourse that undermined the urban sprawl endemic to the region and created cultural capital for Austin. Most importantly, the SGI-based pact reached between city hall, the powerful grassroots environmental and neighborhood groups, and Austin's business community represented a new consensus in the city, and brought a great deal of social and cultural capital to Mayor Watson and the Green Council.

### **The Eastside: Historical Trajectory from the 1970s through the 1990s**

Through the 1980s, Austin's geography and discourse put very little value on urbanity and the urban. From both an institutional and grassroots perspective, the city focused on peripheral development and environmental issues that affected areas on the outskirts of the city or in areas, mostly in west and southwest Austin, which had particularly strong symbolic meaning for citizens. As I argued in Chapter Three, the Eastside functioned as a receptacle for the urban facets of Austin that were regarded as having no place in the city's larger symbolic and economic structure and through the early 1970s it was both formally and informally segregated. During the 1970s and 1980s, however, the Eastside underwent concomitant processes of deconcentration, as residents fled to outlying areas,

and retrenchment, as numerous community and neighborhood groups emerged to plan indigenous development and defend their areas against unwanted outside development and municipal oppression. For the first time, the city took measures to analyze and address the extreme unevenness that characterized Austin's racial and economic geography. Although there were indigenous attempts to revitalize some central Eastside neighborhoods, very little development occurred until the Austin Revitalization Authority was founded in 1995. Institutionally, the city's developmental codes and zoning practices, which were historically kept lax in East Austin and led to non-conforming developmental patterns in commercial areas, made urban multiuse redevelopment very difficult until the widespread dissemination of New Urbanist architectural practices in the 1990s. Widespread zoning infractions also kept outside capital from being invested in East Austin and led to myriad safety and health concerns there as well.<sup>27</sup> The blend of New Urbanist practices, the city's desire to open niche urban markets on the Eastside, and private capital investment have coalesced since the mid-1990s to radically alter the Eastside's landscape and demographic profile.

Austin Tomorrow's focus on neighborhood-level planning and the racially-charged events of the late 1960s led to a more nuanced municipal strategy regarding Eastside oppression, which was largely the outcome of federal civil rights initiatives in

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<sup>27</sup> Joe Feigen and Robena Jackson make this point in "Delivery of Services to Black East Austin and other Black Communities: A Socio-Historical Analysis," (Report, N.D.) most likely written between 1978 and 1983, 49-51.

the 1960s.<sup>28</sup> In the 1960s and before, municipal attempts to document and analyze the Eastside viewed the area as a monolithic block of minority, industrial, or otherwise undesirable space. Studies of East Austin focused on poor conditions that needed to be eradicated or improved in an effort to modernize the city for profit and expansion, rather than on structural causes of disadvantage, and sought to impose the will of Austin's political and economic development interests on East Austin.<sup>29</sup> But by the 1970s, due in part to Austin Tomorrow's failures and because of the social and economic studies done on the Eastside, the city sought to understand the diversity of the Eastside and increasingly viewed it as a group of distinctive though often interrelated communities and districts that, like the rest of the city, could be developed with different purposes. Many Eastside community areas did evolve from distinct community groups in much earlier periods. Although developers continued to focus on land use and development in West Austin, and to a lesser degree downtown, the city and some individuals and organizations began to view East Austin's disadvantages as the outcome of social processes forced upon residents rather than as community shortcomings.<sup>30</sup>

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<sup>28</sup> The Austin Human Rights Commission, formed in 1967, was charged with monitoring and prosecuting civil rights violations regarding housing, employment, and public accommodations.

<sup>29</sup> Exemplified best by the Greater East Austin Development Committee and the city's Urban Renewal Agency in the 1950s and 1960s.

<sup>30</sup> Many of these were generated by academics working with city or state interests. Sally Shipman Stevens, "Ethnic Housing Patterns and School Desegregation in Austin, Texas," (Report, 1978); Joe Feagin and Robena Jackson, "Delivery of Services to Black East Austin and other Black Communities: A Socio-Historical Analysis," (Report, N.D.) most likely written between 1978 and 1983; Community Economic Development Policy Research Project, "Community Economic Development: A Case Study from Austin," (Report, 1980).

While urban renewal funneled federal investment into specific projects that remade Austin's landscape in the image of capital and modernized the city in the interests of developers and university expansion, more neighborhood-directed projects had the possibility to counteract these deleterious effects on communities. These projects were almost exclusively funded by the federal government, but the City of Austin did generally direct the money to areas of need.<sup>31</sup> The city administered a variety of programs aimed at increasing neighborhood cohesion and investigating neighborhood-based issues as well as some infrastructural investments. After Nixon ended urban renewal funding in 1973, the Community Development Block Grant (CDBG) program was instituted in its place.<sup>32</sup> CDBGs allowed cities to apply for infrastructural development grants to repair property, fund studies, and contribute to organizations and development plans. The city applied for and received over \$7 million in block grants in 1977, and invested it in a variety of minority-centered projects. African Americans and Latinos who gained institutional power in the municipal government for the first time in the 1970s initiated plans to remedy the lack of infrastructure in East Austin. The Handcox Plan, initiated by Bert Handcox and financed mostly through the federal Model Cities Program, poured close to \$12 million into infrastructure throughout minority East Austin in the 1970s.

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<sup>31</sup> Feagin and Jackson, 51-60.

<sup>32</sup> Block grants were also an important step in the continued entrepreneurialism of municipal governments because they gave local municipalities more control over what types of grants they applied for and how they spent the allocated funds.



Indigenous neighborhood organizations that sought economic and social improvements, neighborhood-specific development, environmental regulation, or an end to minority oppression through political organization and action worked both with and against government groups throughout the 1970s and 1980s. Unlike more specific neighborhood and environmental groups in West Austin, East Austin groups tended to focus on multiple issues that affected their communities. Environmental groups tended to focus on social and health issues related to the environment, such as chemical pollution and environmental racism, rather than on preserving pristine landscapes. Nearly all major Eastside Latino organizations formed between the late 1960s, when Latino brown berets founded *El Concilio* as Austin's main arm of the national Chicano Movement, and the early 1990s, when People in Defense of Earth and her Resources (PODER), an environment and social justice organization, was founded in response to gasoline tank farms being located in East Austin. In the African American neighborhoods, the Eastside Strategy Team and The Black Citizens Task Force developed alongside nationally-affiliated organizations such as the Austin Area Urban League which formed in 1977. Numerous Eastside neighborhood groups organized during the 1970s and 1980s with more localized foci as well. In 1995, the *Austin Chronicle* listed thirty-eight community organizations in the central Eastside, as well as numerous groups based in other minority areas around the city.<sup>33</sup>

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<sup>33</sup> Mike Clark-Madison, "Eastside Community Organizations," *Austin Chronicle*, July 21, 1995, <http://www.austinchronicle.com/news/1995-07-21/533796/>, accessed September 14, 2011.

Infrastructural improvements and robust community organizations rarely led to larger developmental initiatives, however, despite numerous attempts to plan revitalization throughout the Eastside and increased municipal concern and funding.<sup>34</sup> With the exception of the Guadalupe Neighborhood,<sup>35</sup> where crime dropped significantly, low income housing was built, and property was improved throughout the 1980s, very little development occurred in areas that were often deteriorating and rarely conformed to the city's suburban style zoning regulations.<sup>36</sup> Both the Robertson Hill Redevelopment Plan in 1981 and the East 11<sup>th</sup> Street Neighborhood Plan in 1988 analyzed central East Austin and recommended specific improvements to encourage commercial development, but neither created much. In the early 1990s, Austin's Neighborhood Housing and Conservation Department, which was established to channel federal redevelopment dollars into specific projects, initiated the Scattered Cooperative Infill Program (SCIP) in

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<sup>34</sup> Mike Clark-Madison, "Naked City: Revitalization Rehash," *Austin Chronicle*, October 22, 1999, <http://www.austinchronicle.com/news/1999-10-22/74362/>, accessed July 20, 2011; "East 11<sup>th</sup> Street Neighborhood Plan," (Report, 1988), Courtesy Austin History Center; at the meeting to vote on zoning changes in accordance with the East Cesar Chavez Neighborhood Plan in 2000, one woman brought in a filing box filled with all the plans the city had made and discarded over the previous two decades. This event is related in Emily Pyle, "Naked City," *Austin Chronicle* November 3, 2000, <http://www.austinchronicle.com/news/2000-11-03/79254/>, accessed September 14, 2011.

<sup>35</sup> The Guadalupe Association for an Improved Neighborhood (GAIN) was probably the most successful neighborhood organization throughout the 1990s. Led by Mark Rodgers, GAIN cut crime significantly, increased the amount of standard low cost housing in the neighborhood, and successfully kept unwanted developments out of its small neighborhood bounded by IH 35, Eleventh Street, Seventh Street, and Navasota in the heart of central East Austin.

<sup>36</sup> Unplanned mixed use characterized many Eastside commercial arteries because of lax zoning practices in minority neighborhoods. "East 11<sup>th</sup> Street Plan." The inventory of buildings in the central East area that the plan covers demonstrates the haphazard collection of structures that characterized the neighborhoods around 11<sup>th</sup> and 12<sup>th</sup> Streets just east of IH 35.

designated locations around the central Eastside. SCIPs used federal tax credits to develop low income housing scattered around neighborhoods to avoid concentrating low income residents. While fifty-two new residences were completed by 1997 under SCIP, the program had minimal effect on neighborhood poverty or crime levels. Because the areas had some of the highest crime in the city and demonstrated long-standing patterns of physical deterioration, initial efforts towards redevelopment were also geared towards infrastructure, safety, and health concerns rather than attracting external investment.<sup>37</sup> In 2000, zip code 78702, which covers historically African American and Latino neighborhoods bounded by IH 35, MLK, Airport Boulevard, and the Colorado River, had a poverty rate of over forty-five percent, more than three times the poverty rate of the Austin metropolitan area.<sup>38</sup>

A steady increase in crime and poverty in central East Austin, and especially among African American neighborhoods, was accompanied by an outmigration of minority citizens to other areas around the city. Between 1970 and 1976, Census Tract 8 in central East Austin, which was ninety-seven percent minority, lost 1,976 residents and 446 families, a 14.8 percent decline in both categories.<sup>39</sup> The outmigration trend continued steadily throughout the 1990s as African Americans moved north and east

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<sup>37</sup> “East 11<sup>th</sup> Street Plan,” “Robertson Hill Developmental Plan,” (Report, 1981), Courtesy Austin History Center.

<sup>38</sup> Data gathered from a 2007 Federal Reserve Bank of San Francisco study of East Austin, “Austin, Texas: the East Austin Neighborhood,” [http://frbsf.org/cpreport/docs/austin\\_tx.pdf](http://frbsf.org/cpreport/docs/austin_tx.pdf), accessed October 4, 2010.

<sup>39</sup> City of Austin Department of Planning, “Strategies for the Economic Revitalization of Central Austin,” (Preliminary Report, 1978), 19-20.

from central East Austin, into neighborhoods such as University Hills, French Place, Windsor Park, and St. Johns. African American immigration was almost non-existent in West Austin through 2000.<sup>40</sup> In zip code 78702, overall population declined by 27.4 percent between 1970 and 2000. Although Latino neighborhoods south of Seventh Street and east of IH 35 became more Latino from 1970 to 1990 due to increased white flight, there was also steady Latino outmigration during those two decades despite large increases in overall Latino population in Austin.<sup>41</sup> Between 1990 and 2000 the percentage of Latinos declined as whites began moving back in.<sup>42</sup> Real estate values in central Eastside neighborhoods also declined relative to the city as a whole. Even though overall values appreciated, in 1970 the median value of an owner-occupied unit in Census Tract 8 was sixty-seven percent of the city average; by 1976 the median value was just fifty-one percent of the city average.<sup>43</sup> Finally, family income in central East Austin declined both in real dollars and relative to the city average between 1970 and 2000. In 1970

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<sup>40</sup> Census Information, "Changing African American Landscape in East Austin," demonstrates almost no concentrations of African American population in central Austin (between the Colorado River and US 183) of IH 35 in 1990 or 2000. [http://www.ci.austin.tx.us/demographics/downloads/black90\\_00\\_ea.pdf](http://www.ci.austin.tx.us/demographics/downloads/black90_00_ea.pdf), accessed May 9, 2009.

<sup>41</sup> See for example, the neighborhood group East Austin Survival Task Force, "E.A.S.T Force: Urban Removal," which estimates drops in Latino residents in the neighborhood south of First Street beginning in the 1950s and continuing throughout the 1970s/Folder 27/Subject File, "Neighborhood Groups N1900"/Austin History Center, Austin, Texas.

<sup>42</sup> Census information, "Shifting Demographic Landscape: Change in Hispanic Preponderance, 1990 to 2000," [http://www.ci.austin.tx.us/demographics/images/msa\\_90choro1.pdf](http://www.ci.austin.tx.us/demographics/images/msa_90choro1.pdf), accessed, May 9, 2009.

<sup>43</sup> City of Austin Department of Planning, "Strategies for the Economic Revitalization of Central Austin," (Preliminary Report, 1978), 32.

central East side median household income was fifty-four percent of the city's median household income. By 2000, the figure was down to thirty-two percent.<sup>44</sup>

All demographic and economic data as well as qualitative surveys suggest that living conditions in central East Austin declined between 1970 and the 1990s.<sup>45</sup> Already a marginalized area, central East Austin underwent a process where residents of means, many local businesses, and jobs moved out, other residents were displaced, and little investment was attempted, leading to a concentration of poverty and crime similar to the “truly disadvantaged” described by sociologist William Julius Wilson. Austin's racial geography cut central Eastside residents off from jobs and equal education opportunities even as task forces and community development groups were funded by the city. By the mid-1990s, however, patterns of investment began to shift based on Austin's new focus on environmental sustainability and infill development. The city's localized regime of accumulation, which for decades encouraged suburban development to attract high tech white collar workers, began efforts to colonize central urban space under the same high tech banner in the 1990s. Effects on the Eastside were dramatic.

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<sup>44</sup> City of Austin Department of Planning, “Strategies for the Economic Revitalization of Central Austin,” (Preliminary Report, 1978), 25; 2007 Federal Reserve Bank of San Francisco study of East Austin, “Austin, Texas: the East Austin Neighborhood,” [http://frbsf.org/cpreport/docs/austin\\_tx.pdf](http://frbsf.org/cpreport/docs/austin_tx.pdf), accessed October 4, 2010.

<sup>45</sup> K. Anoa Monsho, “From East Austin to East End: Gentrification in Motion,” *The Good Life* (November, 2004)/Folder, “Text Materials”/Box 3/Austin Revitalization Authority Papers/Austin History Center, Austin, TX.

## Revaluing (New) Urbanity in the Pastoral City

After decades of stagnant development and municipal planning initiatives that lacked private developers, new efforts to revitalize the Eastside began in the mid-1990s. Under the auspices of smart growth and in an attempt to recentralize development away from Austin's environmentally sensitive areas, the city used zoning changes, newly-established non-profit groups, neighborhood-based planning teams, and tax abatements to encourage investment. Higher density was considered desirable outside of downtown after six decades of low density, suburban development across the city. The popularity of the Watson council and their growth policies, the economic boom prevalent in Austin at the time, and a national shift in development towards central cities led some developers to seriously consider centrally-located, undervalued property in Austin for the first time. Watson was assisted by a pair of new councilmen on the Eastside, Raul Alvarez and John Lewis, who both supported local environmental movements and were advocates of using central urban space to shift development away from the west.<sup>46</sup> While some minor pioneer gentrification occurred in East Austin during the 1980s and 1990s, initial redevelopment in the 1990s was largely engendered and supported by municipal policy. In the central Eastside, like many decaying inner city neighborhoods throughout the U.S.,

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<sup>46</sup> Austin elects council representatives on a citywide basis. Although no law exists, it has long been assumed that one of the seven representatives will be African American and one will be Latino. Alvarez was the former director of Austin's Sierra Club. See Emily Pyle, "Compromising Raul," *Austin Chronicle*, September 29, 2000, <http://www.austinchronicle.com/news/2000-09-29/78789/>. Accessed September 14, 2011.

redevelopment was seen as a positive on a number of levels. Because of its proximity to downtown, a refurbished central Eastside presented recreation and consumption activities for tourists as well as for businesses that wished to locate centrally without higher downtown costs. Investment would likely decrease crime and had the possibility of providing jobs for lower and working class residents. Most importantly, refurbished, vibrant properties could generate a much greater amount of property tax revenue for local coffers. In Austin, generating increased revenue from property tax was even more important than in most other cities because the State of Texas had no income tax and one of the lowest corporate and business taxes in the U.S. Because it houses the state capital complex, the University of Texas, and a number of other centrally-located government buildings that are all exempt from paying property taxes, generating sufficient property tax revenue is even more difficult in Austin than in other Texas cities. Without the possibility of tax revenues from aquifer and other expensive western development, and in the midst of intense in-migration and service extension, the city found itself in a predicament where expanding revenue in new areas was imperative, and the undervalued Eastside provided an obvious target area.

To ideologically revalue the urbanized, poor, and dilapidated Eastside for investment, the smart growth council turned towards New Urbanism, which gave the city a set of new environmentally sustainable zoning regulations as well as a paradigm for increasing density through infill. New Urbanism's architectural style, which was much different from most existing structures on the Eastside, also marked central urban spaces

as appropriate for use by young professional urbanites. Socially, revaluing previously neglected urban space also mitigated fears concerning environmentally hazardous development in West Austin. Economically, Eastside revaluation would generate high levels of surplus value that developers and real estate interests could profit from. Attempts at new urban-inspired development were scattered throughout much of the central city in the late 1990s and 2000s in an effort to increase density and tax revenue.<sup>47</sup> Much of this development took place on existing open space. On the central Eastside, however, New Urban development was integrated into the existing social and architectural fabric of neighborhoods which engendered a round of intense gentrification because of sharp increases in property values and new demand for Eastside spaces. It also limited the amount of industrial zoning on the Eastside, which had both positive and negative effects for residents. Although some neighborhood groups understood that radical zoning changes would disrupt their communities, enough developers and some Eastside organizations worked with the city to create pockets of gentrification by the early 2000s. Ironically, unlike most cities where “pioneer gentrification” precedes institutionally sponsored development initiatives, in Austin grassroots forms of gentrification became commonplace only after municipally-sponsored efforts engendered New Urban development on the Eastside. Pioneer gentrification did exist, but it appears

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<sup>47</sup> The Triangle development in upscale Hyde Park and the development know as Central Park just south of there are both good examples of new urban style infill on mostly green space in central Austin. Like Denver, Austin also hired a consulting firm to create a plan for development for the older municipal airport in 1999. The airport is located in East Austin north of Central East Austin and is currently under development.



that it did not have large scale effects on the demographics of Eastside communities.<sup>48</sup> Grassroots gentrification is currently the dominant form of commercial revitalization in East Austin, where small consumption-based commercial businesses and neoartisanal small scale production companies, both of which are aimed at young, trendy markets, are colonizing Eastside space. Residential real estate has seen consistent appreciation, and the demographic character of the central Eastside has become younger, whiter, and more affluent. As is usually the case, redevelopment in impoverished areas has revitalized certain neighborhoods, but many of the people who lived in those neighborhoods are no longer around to enjoy revitalization and the new social capital of the central city. I will look at two instances of gentrification created by New Urbanism planning efforts in East Austin during the initial smart growth-inspired phase to better understand the effects that this particular type of redevelopment has had on local communities. The first example was in the historically Latino East Cesar Chavez (ECC) neighborhood, where blanket zoning precipitated gentrification under auspices of smart growth. The neighborhood was imagined as a live/work/play area for creative workers who desired central residences. The second was along the Eleventh and Twelfth Street corridors, the historic commercial artery of the African American neighborhood in central East Austin. While development has been slow along the corridor, the street serves as a symbolic center of union between

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<sup>48</sup> This is demonstrated in the economic and demographic landscape of the central Eastside and ECC during the 1980s and 1990s. Some whites always lived there. Also see, Monsho, "From East Austin to East End," for qualitative analysis. Monsho was a longtime resident of the Eastside, writer, and community activist who characterized pioneer gentrifiers as young, artistic whites who cared about the community.

east and west, a marker of African American history (now mostly eradicated), and now caters to the tastes of young professionals.

In accordance with the SGI and with historic city planning ideology, starting in 1997 the Watson council encouraged neighborhoods to create their own development plans that the planning commission would then implement through zoning and other ordinances. One of the three trial neighborhood plans that began the process and would serve as models for future plans was the East Cesar Chavez Neighborhood Plan (ECCNP), which covered the area bounded by IH 35, Seventh Street, Chicon Street, and Town Lake, directly adjacent to downtown Austin. The council and planning commission correctly assumed that the neighborhood would be in demand for redevelopment because of its proximity to downtown and undervalued real estate, and the ECCNP could serve as a test case for other plans on the central Eastside. The planning process, however, was extremely contentious, and it took three years for the plan to be adopted.

Against protests from more militant organizations working in East Cesar Chavez, such as *El Concilio*, PODER, and a majority of the fourteen separate groups that claimed a voice for ECC, who argued that multiuse zoning would simply incentivize gentrification and expensive development, the ECCNP was adopted in 2000. It established firm and ubiquitous zoning regulations for the neighborhood that directly facilitated New Urbanist development. The plan passed a mix of roll-back industrial zoning, that severely limited all types of warehouse, recycling, and light industrial space, and infill zoning, which encouraged higher density through garage apartments, aggregate

living space, and commercial-residential-office multiuse developments. The entire neighborhood was zoned for mixed-use, which outlawed certain already existing industrial and commercial spaces in ECC. As in downtown, the city developed a set of benefits for development that it encouraged and restrictions against development it discouraged. For example, all buildings in the plan area had height restrictions of fifty feet to discourage high rise development. To encourage mixed income housing, the city offered a variety of service delivery subsidies and fee waivers for builders who included a certain number of low income units in their developments.<sup>49</sup>

Although numerous politicians denied that the widespread zoning changes would hasten and intensify gentrification, the neighborhood underwent dramatic capital investment in the next few years that were a direct result of the new zoning regulations. The neighborhood directly east also experienced an intensification of investment over the next few years related to similar zoning changes produced by the Holly Street Neighborhood Plan. It is important to note that, because the area was “blanket zoned” for multiuse, there was no test case for new zoning changes that would be implemented, leading to a rapid influx of capital spread throughout the area. Commercial arteries were targeted for development first, but most areas north of Cesar Chavez saw new forms of

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<sup>49</sup> Emily Pyle, “Naked City,” *Austin Chronicle*, December 22, 2000, <http://www.austinchronicle.com/news/2000-12-22/79923/>, accessed September 14, 2011; Mike Clark-Madison, “Naked City,” *Austin Chronicle*, June 30, 2000, <http://www.austinchronicle.com/news/2000-06-30/77787/>, accessed September 14, 2011.

investment shortly after the zoning changes.<sup>50</sup> Much of the district's most desirable real estate, in the northwest portion of the plan area, contained light industry that was down zoned, leading to some outmigration and prime spaces to be redeveloped into mixed use complexes. Additionally, as part of an effort to pave the way for a light rail line, another smart growth initiative, real estate along the existing track running along Fourth and Fifth Streets was zoned for more intense mixed use redevelopment. In 2002, the city and Capital Metro, the transit authority for metropolitan Austin, purchased a defunct rail yard in central East Austin with the intent to attract new businesses and residents amenable to light rail transit in their neighborhood.

By 2005 the neighborhood had been largely remade as initial developers took advantage of low real estate prices. As real estate prices increased and it became clear that there was demand for condominium and multiuse space in ECC and Holly, the market became more stable, indicating dependable returns on development. Very few aggregate living developments included low income housing units. Even though the city offered a variety of benefits and subsidies for developers who did include a certain percentage of low income units, very few developers took advantage. Because most of ECC's aggregate living buildings had between 20 and 150 units, it was considerably more lucrative to offer apartments at full price without subsidies than to offer a significant portion of the apartments at lower cost with subsidies. With steady demand

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<sup>50</sup> South of Cesar Chavez Street the Holly Street Power Plant and the almost entirely residential character of the neighborhood, with no commercial artery, kept investment minimal. Now that the plant is closed and scheduled for demolition, the neighborhood's demographic composition has begun to change in a manner more resembling pioneer gentrification.

realized early on in the neighborhood's redevelopment, it did not make economic sense to offer low income space. Condominiums are also not particularly conducive to families; many condominium complexes did not offer apartments with more than two bedrooms. In 2000, the average household income in East Cesar Chavez was \$27,177, less than forty percent of the city's median and one of the lowest figures in the city.<sup>51</sup> Even the most modestly priced one bedroom at Pedernales Lofts, which were considered inexpensive and were one of the developments furthest east where real estate was less expensive, were on the market for \$154,000 in 2005, a price point that was prohibitive for most East Austin families.<sup>52</sup> Closer to downtown, Waterstreet Lofts, another live/work new urban aggregate living community, was offering one bedroom apartments for \$180,000 in 2005, prompting protests from PODER and other residents at its opening.<sup>53</sup>

The residential infill projects were accompanied by the relocation of some small high tech and marketing companies that fit ECC's redevelopment profile. In 2000, office space in ECC was approximately one-third the cost of downtown office space. Small companies like Aperian Inc. and Paramount Computer repurposed spaces very close to downtown in 1999 and 2000. The centerpiece of Eastside redevelopment was the four

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<sup>51</sup> Ryan Robinson, "Income and Neighborhood Planning Areas," (2006), [http://www.ci.austin.tx.us/demographics/downloads/income\\_npas\\_collection.pdf](http://www.ci.austin.tx.us/demographics/downloads/income_npas_collection.pdf), accessed September 20, 2011.

<sup>52</sup> Welles Dunbar, "How not to Gentrify: HRC asks for Eastside Moratorium" *Austin Chronicle*, November 4, 2005, <http://www.austinchronicle.com/news/2005-11-04/306946/>, accessed September 14, 2011.

<sup>53</sup> Diana Welsh, "Naked City," *Austin Chronicle*, April 8, 2005, <http://www.austinchronicle.com/news/2005-04-08/265699/>, accessed September 14, 2011.

warehouse complex known as 501 Studios on the frontage road facing IH 35 that housed over fifty small design, marketing, and production companies, many of which were affiliated with the film industry. Most of these relocations, however, were located in areas that were previously zoned industrial and were very close to IH 35, indicating that they did not have a displacing effect on the community although their presence may have increased real estate values and property taxes.<sup>54</sup>

While much of the new urban-inspired complexes in ECC repurposed space or developed on empty space, the new investment in the area created externalities that intensified demographic changes. Upon their completion, the Pedernales Lofts raised land values by over fifty percent in adjacent lots. A University of Texas School of Architecture and Regional Planning study found that land values in ECC increased as much as 400 percent between 1998 and 2004, with an average property tax of 123 percent throughout ECC. PODER reported that seventy percent of Austin's foreclosures were on the Eastside, indicating an inability to pay property tax among disadvantaged residents. In ECC, the results of new urban development were so mixed in 2005 that the Austin Human Rights Commission called for a moratorium on any development for a period of ninety days to investigate the effects of gentrification on the existing community.<sup>55</sup>

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<sup>54</sup> Barbara Wray, "Developers, Builders now Look to East Austin," *Austin Business Journal*, December 3, 2000, <http://www.bizjournals.com/austin/stories/2000/12/04/focus3.html>, accessed September 17, 2011.

<sup>55</sup> Welles Dunbar, "How not to Gentrify: HRC Asks for Eastside Moratorium," *Austin Chronicle*, November 4, 2005, <http://www.austinchronicle.com/news/2005-11-04/306946/>, accessed September 14, 2011.

Unlike ECC, revitalization of the East Eleventh Street and East Twelfth Street corridors, the main commercial arteries of the historic African American district, was initiated by forming a specific agency to oversee development. The Austin Revitalization Authority (ARA) was formed as a non-profit whose primary purpose was to assist in the commercial development of the neglected neighborhood as well as to renew historic buildings and homes to maintain architecture consistent with the area's heritage. Like ECC, it was chosen for redevelopment because of its proximity to downtown; but it was initially imagined as a commercial artery rather than an entire neighborhood. After initial political problems, in 1997 the ARA declared the area a slum and made it eligible for Section 108 Community Development Block Grants (CDBG) from HUD.<sup>56</sup> After completing the Central East Austin Master Plan, which called for 140,000 square feet of mixed use, commercial, and entertainment-based revitalization adopted in 1999, the city acquired over \$9 million in CDBGs to initiate revitalization. Almost all development took place along the Eleventh Street corridor.

One of the most important aspects of ARA's initial presence in the neighborhood was sustained investment in the corridor's infrastructural and services improvements. Federal funds had been allocated to central East Austin for decades, but most were used

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<sup>56</sup> Much of the early history of the ARA was marred by questionable real estate practices and stacking of the ARA board by Councilman Eric Mitchell and his group of connected developers and politicians. Mitchell did not include any neighborhood representatives on the first ARA board. See N.A., "ARA Board Member Helps Himself," *Austin Chronicle*, <http://www.austinchronicle.com/news/1996-01-12/530368/>, accessed September 14, 2011; Mike Clark-Madison, "The ARA Myth: Empty Promises on the Eastside," *Austin Chronicle*, June 20, 1997, <http://www.austinchronicle.com/news/1997-06-20/529133/>, accessed September 14, 2011.

in conjunction with for-profit developers who built rental units or subsidized housing.<sup>57</sup> Along with a separate \$1 million grant from the U.S. Transportation Department for street beautification, the ARA and the City of Austin channeled federal and local funds into the infrastructural upgrades that the city had neglected for decades. Basic issues that had plagued residents for decades – street lights, sewers, police presence, vacant buildings – were finally addressed. Over \$6 million has been invested in public infrastructure and clean up and new, multipurpose buildings line either side of the three block area between the highway and Rosewood Avenue. In 2000, the first full year of reinvestment, the crime rate dropped by over 400 percent. In an area recently considered one of the worst in Austin, initial revitalization efforts provided immediate, significant quality of life improvements.<sup>58</sup>

Although development in the East Eleventh Street corridor was slow, by the mid-2000s its symbolic importance to the city’s Eastside redevelopment efforts was apparent. The new landscape along Eleventh Street used a blend of modernism and new urbanism to indicate spaces appropriate for consumption by the middle class urbanites. Giving the area a sense of local history was also important to the sense of community that the ARA

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<sup>57</sup> A notable exception is GAIN and the Guadalupe Neighborhood Development Corporation (GNDC), the most successful redevelopment group on the Eastside. Although GAIN was active in neighborhood issues all over the Eastside, GNDC’s principle developmental projects were in the Guadalupe neighborhood, directly south of Eleventh Street and bounded by IH 35, Seventh Street, and Navasota.

<sup>58</sup> Dr. Charles Urdy, “Bringing East Austin into the Fold,” *Austin Business Journal*, November 20, 1998; Lee Nichols, “What’s Next for the ARA: As the Longtime Director Departs and an Austin Looms, Does the Eastside Non-Profit Have a Future?” *Austin Chronicle*, August 7, 2009, <http://www.austinchronicle.com/news/2009-08-07/819357/>, accessed September 14, 2011.



was trying to establish. The earliest projects redeveloped and repurposed historically significant buildings. Two historical structures dating from the late nineteenth century, the Haenhel Building and the Arnold Bakery, were refurbished and rented to local businesses.<sup>59</sup> The next projects were larger live/work facilities that incorporated retail on the ground floor with living spaces above in the new urban mold. According to the ARA, the understated design “reflects the way the street was originally developed,” incorporating local history into the corridor. Public space is incorporated over the three block span of street. Wider sidewalks encourage pedestrian activity, and some federal funds were used to build bus stops and widen lanes at bus stops, to encourage public transportation. The most symbolic public space in the corridor is Urdy Plaza, an open, art-decorated space that honors the African American heritage of the district and a longtime leader of Austin’s African American community, Charles Urdy. Two local artists were commissioned to do the tile mural, which depict African American jazz musicians, a nod to the musical history of the street, as well as a scene that appears to be taken from the neighborhood’s interracial beginnings in the late nineteenth century. The historical Ebenezer Baptist Church, one of the oldest and most powerful entities on the Eastside, had a place in the background. While the mural is certainly emblematic of a proud African American community history in central East Austin, increasingly it also symbolizes a present where African Americans have a much smaller part in the community. As old communities are slowly displaced, this art signifies their end as well

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<sup>59</sup> The Arnold Building was eventually purchased by Shoehorn Design, Inc.

as their heritage. The community is discursively commodified and marketed as historically relevant in accord with Austin's new urban tastes. Unlike historical interpretation, heritage representations aim to fix identity and promote a sense of pride rather than acknowledge the contradictions of memorializing social domination.

Eleventh Street's geography relative to downtown made it optimal for symbolic importance: it is one of only two downtown streets that bridge IH 35 with an overpass. People coming from downtown to East Eleventh do not have to pass underneath the highway. Symbolically, representations of unity and Austin-based identity invite consumption along the corridor. People coming from downtown are welcomed by a gateway arch laden with Texas symbols. The landscape appears much more modern, newer, and cleaner than most others on the Eastside. Other symbols of unity and urbanity operate on a discursive level. As with many urban spaces made safe for revitalization, aggregate living spaces in the Eleventh Street corridor use language that indicates a new type of urbanity. Discourse often focuses on consumption preferences of new urban dwellers. The newly-built East Village complex has a name synonymous with a famous neighborhood in New York City, America's paradigm of urbanity. But equally important is the idea of "village." The "village in a city" promotes the longstanding suburban ideology where the community of a small village is incorporated with the amenities and excitement of urbanity. This village/city identity is also found in the slogan used on a defunct aggregate living development called PalomaAustin located next door, "The Pinnacle of 'boutique urban living.'" A boutique may perhaps be the most appropriate

idiom for newly-validated urbanity in Austin. Implying multiuse living and upscale commercial opportunities, “urban boutique” suggests an elite neighborhood filled with small exclusive shops. This type of living represents both the antithesis of the suburbs, with their bland tract housing and bog box store, but also clearly requires the neighborhood to be cleared of undesirables.

The ARA has also adopted a language that reflected the commercial character of the corridor as well as new urban consumption preferences. In conjunction with the Austin Independent Business Alliance, the ARA adopted the slogan “Local Spoken Here” as its theme for its East Eleventh Street small businesses. The slogan attempts to attract urban consumers interested in production chains and sustainable methods of production associated with locality and local economic vitality. Most dramatically, the ARA began promoting a new moniker for the central Eastside. Instead of the more alienating and divisive “Eastside,” the product of eighty years of segregation and racism which intimates a bifurcation, the ARA now calls the corridor the “East End,” a more inclusive term that signifies a continuum between downtown and the central Eastside and a more general coming together of the central city. “East End” also has a historical significance; it was the name of the multiethnic neighborhood before institutional segregation took hold, and the renaming thus indicated a desire to reclaim its heritage.

The symbolic reclamation of the East End as a viable part of the city’s fabric initiated demographic changes that affected a much larger portion of the central Eastside. To director Byron Marshall, opening up the central Eastside for private investment was

the goal of the ARA's public-private development. The Eleventh Street corridor opened up the area to grassroots gentrification, new single family homes and aggregate living buildings, and other commercial developments on the central Eastside. Demographically, between 2000 and 2010 the former African American neighborhoods underwent more intense change than ECC or Holly to the south. All three census tracts north of Seventh Street and south of Manor Road adjacent to IH 35 experienced at least fifteen percent increases in white population between 2000 and 2010.<sup>60</sup> The same neighborhoods experienced an even greater outmigration of African Americans. Along with increased development, the Anglo in-migration has had dramatic effects on property taxes. In the five years between 2000 and 2005, property taxes in the 78702 zip code, which covers the entire central Eastside from IH 35 to Airport Boulevard and the Colorado River to MLK, increased by over 100 percent.<sup>61</sup> As in the case of gentrification in most cities, the overall population on the central Eastside, as well as in Holly and ECC, has also grown significantly younger, and the size of households has decreased dramatically as younger people without children have replaced families.<sup>62</sup>

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<sup>60</sup> "Change in the White Percentage of Total Population, 2000 to 2010," (map), [http://www.ci.austin.tx.us/demographics/downloads/travis\\_t2000\\_change\\_whit.pdf](http://www.ci.austin.tx.us/demographics/downloads/travis_t2000_change_whit.pdf), accessed September 27, 2011.

<sup>61</sup> "Single Family Taxable Value: Percent Change, 2000 to 2005," (map), [http://www.ci.austin.tx.us/demographics/downloads/sf\\_tax\\_perc.pdf](http://www.ci.austin.tx.us/demographics/downloads/sf_tax_perc.pdf), accessed September 27, 2011.

<sup>62</sup> Ryan Robinson, "The Top Ten Big Demographic Trends in Austin, Texas," (unpublished paper, n.d), at the City of Austin website: <http://www.ci.austin.tx.us/demographics/>, accessed September 27, 2011.

In Austin, gentrification of the Eastside has been a decidedly local, institutionally-driven process compared to more industrialized cities. Yet it shares many of the basic characteristics common to gentrification in most cities. The “rent gap,” defined by Neil Smith in the 1980s as the difference between actual and potential ground rents in an urban locale, was certainly a factor in provoking gentrification.<sup>63</sup> Yet in almost all commercial projects and in many aggregate housing projects, the city set the precedent for development rather than private investors or developers. This means that, other than single family residential buildings scattered throughout the Eastside, most redevelopment was set in motion by the city. The trend is more obvious when analyzing the ARA and SCIP, but clearly the city sought development in ECC and Holly as well, and created the conditions for it. Although discourse pertaining to the creative class and concern for environmentally-sensitive development in West Austin justified redevelopment for the city, it is clear that improving the real estate value to create tax revenue was also a goal. Furthermore, the city likely aimed to attract wealthier residents back into the city after years of Austin’s center of wealth moving west, and increasingly out of the city limits.<sup>64</sup> Creativity here functions as a new way to imagine reappropriation of the central city in the interests of capital, which benefits the socioeconomic elite, developers, and the city mutually.

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<sup>63</sup> Smith, “Gentrification and Uneven Development.”

<sup>64</sup> Ryan Robinson, “The Top Ten Big Demographic Trends in Austin, Texas,” (unpublished paper, n.d), at the City of Austin website: <http://www.ci.austin.tx.us/demographics/>, accessed September 27, 2011.

The city has supported gentrification by augmenting a variety of institutional forms. Obviously more money has been funneled into infrastructural projects on the Eastside. One of the largest and most visible has been the widening and beautification of East Seventh Street, which the city envisions as a future main thoroughfare for automobile traffic coming to the central city from Austin-Bergstrom Airport. After almost a decade of political controversy the Austin light rail, one of the premiere symbols of nascent urbanity in Austin, began operation. The light rail weaves through much of the Eastside heading from downtown to the northwestern suburb of Leander, and has generated new urban-style development along its corridor. In 2007 the city finally shut down the Holly Street power plant after years of protesting from Latino residents and neighborhood and environmental groups, and plans are in the works for its destruction. While real estate values and property taxes around the plant have already increased markedly and demographic change is already evident, dismantling the power plant should ensure that the trend continues south of Cesar Chavez. These changes make the Eastside cleaner, safer, and more modern for redevelopment, and introduce a variety of symbols that designate the Eastside as ready for development. These symbols are, of course, self-perpetuating, as new forms of capital continually view the Eastside as a desirable location to live, work, consume, or do business.

Some forms that encourage gentrification are social rather than infrastructural or architectural. In 2002 the Austin Independent School District (AISD) began to allow students to transfer out of neighborhood schools where fifty percent of students did not

pass the state-mandated aptitude tests for two of the three previous years or failed to meet any standard set under the district's education code in the previous three years. The district also allowed students to transfer from any school designated for improvement per the No Child Left Behind act, and also allowed students to transfer to magnet schools. In some cases, all transfer requests would be granted provided that the new school was not classroom-capped and that the transferring student could provide his or her own transportation.<sup>65</sup> The ostensible reasoning behind AISD's liberalized enrollment policies is to allow disadvantaged students to transfer to better performing schools. But the open transfer policy also allows the children of professionals living in areas with underperforming, and even demographically unsatisfactory, schools to avoid those schools altogether. While this situation is certainly not akin to segregation, it does not bode well for neighborhood cohesion or for renewed collective consumption based on increased integration. The phenomenon of gentrification in Austin is also indicative of an even more intense fragmentation of urban space, where even neighborhoods are relentlessly broken down by class and race at the block or even the single-family-home tract level. While demographically this is categorized as integration, it appears fleeting and certainly does not reflect increased community solidarity.

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<sup>65</sup> AISD, "Admissions: Intradistrict Transfers and Classroom Assignments (Legal)," <http://www.tasb.org/policy/pol/private/227901/pol.cfm?DisplayPage=FDB%28LEGAL%29.pdf>, accessed October 4, 2011; AISD, "Admissions: Intradistrict Transfers and Classroom Assignments (Local)," <http://www.tasb.org/policy/pol/private/227901/pol.cfm?DisplayPage=FDB%28LOCAL%29.pdf>, accessed October 4, 2011.

Grassroots social and cultural events that developed after 2000 have facilitated gentrification as well. While a significant number of artists have lived and worked scattered around the Eastside for decades, in 2004 the East Austin Studio Tour (EAST) began as an event to promote local artists on the Eastside and to help them sell work. The event features all local artists who open up their shops for two weekends a year; EAST provides a map of galleries and other complexes, which include numerous artisanal, small batch crafts, such as cabinets, furniture, and other domestic goods, as well as myriad forms of art, and encourages tourists to ride bicycles from gallery to gallery, which allows them to both view the landscape and claim the public space that they are using. EAST grew rapidly, to where 180 different artist complexes participated between 2008 and 2010. While the crowd is not monolithically Anglo, it is also much less minority than the neighborhoods that it uses.<sup>66</sup> Some long term minority residents do not begrudge artists, who rarely seek to profit from neighborhood redevelopment. But the tour has engendered many small zoning disputes between artists and other residents, often as the outcome of other social disputes or because the artists use and maintain materials that other residents consider junk.<sup>67</sup> In neighborhoods that have had junk thrust upon citizens for decades, these disputes have deep social implications.

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<sup>66</sup> For example, in my experience at about five complexes and miles of biking in 2010, I saw only person, out of hundreds if not thousands, who appeared to be African American.

<sup>67</sup> Mike Kanin, "East Austin Studio De-Tour," *Austin Chronicle*, July 15, 2011, <http://www.austinchronicle.com/news/2011-07-15/east-austin-studio-de-tour/>, Accessed September 17, 2011.



What may make Austin's case particularly unique and interesting is the institutional creation of an urban-focused market and of an urban architecture that the city lacked. Unlike older, more industrial cities, where nostalgia for quaint urban forms such as lofts drove the demand for much industrial conversion, in Austin the existing architectural character of the Eastside lacked both industrial buildings or any sense of nostalgia for the vast majority of Anglo Austinites.<sup>68</sup> Developers and retailers have been able to create the discourse of an urban lifestyle in Austin that focuses on artisanal forms of production and the attendant environmental benefit of consumables produced locally or in small batches. As Urdy Plaza demonstrates, historical symbols that suture over divisiveness and oppression can be marketable as well. Austin's grassroots emphasis on the importance of small business and the desire to consume locally are existing factors that also support local consumption.<sup>69</sup> Redevelopment of the central city is portrayed, often correctly, as more environmentally sustainable and more ethical than peripheral development. Similarly, economic and social conditions in the central city improved markedly between 1990 and 2010. But two questions remain: how socially sustainable is gentrification for the lower classes and what new geographical class relationships do the redevelopment processes produce?

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<sup>68</sup> Sharon Zukin, *Loft Living: Culture and Capital in Urban Change* (Baltimore: Johns Hopkins Press, 1982).

<sup>69</sup> Long, *Weird City*, documents the "Keep Austin Weird" movement, a complex social phenomenon that has been coopted by small business groups.

## **Rethinking the Sustainable City: Progressive Consumption, Urban Identity, and the Whole Foods Market Syndrome**

In Austin, as in many cities, redevelopment of the central city caters to new markets for creative class workers and other citizens attracted to revalued urban spaces and lifestyles. Although creative workers generally relocate based on work opportunities, the city has used the creative class as a justification for redeveloping downtown in an upscale fashion.<sup>70</sup> Downtown has been remade in an image of upscale consumption which promotes urban living as a lifestyle choice that reflects both taste and ethical consumption habits. Although some high tech production companies have relocated to central Austin in the last decade, downtown and the central Eastside are primarily residential and commercial, with a variety of small, neoartisanal production facilities as well.<sup>71</sup> Much of the central Eastside has been remade into a commercial district that markets itself to young hip urbanites; the demographics of the area, its history, and its working class image give it a sense of urban authenticity lacking in most other areas of Austin. Although neighborhood demographics suggest a relatively high level of integration on the central Eastside, the slow exodus of minorities appears to be a

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<sup>70</sup> Texas Perspectives, Inc., “Austin’s Economic Future: The Mayor’s Taskforce on the Economy: Subcommittee Findings,” (Report, 2003). Austin’s politicians and planners have cited Florida in numerous documents and contexts. “Austin’s Economic Future” addresses the importance of attracting creative class workers with urban amenities on 40-48.

<sup>71</sup> Almost none of these are downtown, and many are art galleries or specialty stores (furniture, cabinets) that cater to the artisanal tastes of upscale clientele.

continuing trend.<sup>72</sup> Neither does propinquity correlate to community. The profound socioeconomic and cultural differences among residents, largely reflected by race, and the rapidly changing demographics of many neighborhoods indicate that Eastside communities are become less stable.

Austin's contemporary downtown and much of the urban core are undergoing processes consistent with the new economy's reappropriation of space. Geographer Allen J. Scott has recently outlined the multifaceted "cognitive-cultural dimensions" of contemporary capitalism, which include "diverse clusters of high technology sectors, service functions, neo-artisanal manufacturing activities, and cultural-products industries" that make up much of the leading productive sector in these economies.<sup>73</sup> The cognitive-cultural regime of accumulation is accompanied by a new urban geography that increasingly privileges upscale modes of consumption and colonizes sections of the urban landscape in the interests of elite consumption. To Scott, the manifestation of the new economy has dramatic and far-reaching effects on the metropolitan landscape: "what is at

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<sup>72</sup> [http://www.ci.austin.tx.us/demographics/downloads/hisp\\_change00\\_10\\_eastern\\_core.pdf](http://www.ci.austin.tx.us/demographics/downloads/hisp_change00_10_eastern_core.pdf), accessed September 20, 2011. This census map demonstrates the changing concentration of Latino population on the central East side between 2000 and 2010. Nearly all census tracts in ECC, for example, are less concentrated with Latinos in 2010 than they were in 2000. Although some areas, specifically neighborhoods further East in the urban core, remain over eighty percent Latino, many of them are subject to similar pressures as gentrification expands Eastward. The deconcentration of African Americans in central East Austin is even more profound:

[http://www.ci.austin.tx.us/demographics/downloads/afam\\_change00\\_10\\_eastern\\_core.pdf](http://www.ci.austin.tx.us/demographics/downloads/afam_change00_10_eastern_core.pdf), accessed, September 20, 2011.

<sup>73</sup> Allen J. Scott, "Capitalism and Urbanization in a New Key? The Cognitive Cultural Dimension," *Social Forces* 85.4 (June, 2007): 1465-1482. Quoted on 1465. Also see, Allen J. Scott, *Social Economy of the Metropolis: Cognitive-Cultural Capitalism and the Global Resurgence of Cities* (New York: Oxford University Press, 2008).

stake in this regard nowadays is nothing less than radical transformations of extensive tracts of urban space by a four-fold logic of cognitive-cultural economic development, social transformation, attendant functional changes, and the reimagining of the environment by dramatic new symbolologies.”<sup>74</sup> I add that a fifth element can be added to the logic of the cognitive-cultural city: new types of consumption.

Numerous scholars have outlined the relationship between consumption, geography, and social identity.<sup>75</sup> Lizabeth Cohen has provided the most convincing argument regarding consumption in the postwar United States. For Cohen, the dominant type of postwar metropolitan consumption has very definable geographic and demographic traits. Shopping malls and strip malls are indicative of the widespread shift of capital and people to the metropolitan fringes beginning after World War Two and continuing unabated through the present day.<sup>76</sup> Federally-sponsored suburbanization was of course paramount; suburban residents had more disposable income and more children than average, meaning that they tended to consume more. Increasingly after World War Two, suburban dwellers, especially women, who tended to be the family’s primary consumers, shopped in the suburbs at new malls rather than at traditional downtown

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<sup>74</sup> Scott, “Capitalism and Urbanization,” 1470.

<sup>75</sup> Thorstein Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (New York: Viking Press, 1912); Manuel Castells, *The Urban Question: A Marxist Approach* (London: Edward Arnold, 1977); Lizabeth Cohen, *A Consumer’s Republic: The Politics of Mass Consumption in Postwar America* (New York: Alfred A. Knopf, 2003); Josee Johnston, “The Citizen-Consumer Hybrid: Ideological Tensions and the Case of Whole Foods Market,” *Theory and Society*, 37.3 (Summer, 2008): 229-270.

<sup>76</sup> For suburbanization after World War Two, also see, Jackson, *Crabgrass Frontier*, and Dolores Hayden, *Building Suburbia: Green Fields and Urban Growth, 1820-1900* (New York: Pantheon, 2003).

urban and inner suburban locations, which was a leading factor in the decline of urban retail centers during the period. Dependence on the automobile was paramount, as most suburban shopping centers were only accessible by car. Geography also excluded certain groups from suburban shopping malls. Because most were not served by public transportation and were far from urban centers, most poor people and racial minorities were unable to get to them.<sup>77</sup>

Cohen thus demonstrates a new geography of consumption that arose on the metropolitan fringe after World War Two; but her more exciting contribution is a linkage of this geographic change with an ideological and political change on the part of consumers and retailers. Rather than consuming for personal pleasure or as a pure symbol of socioeconomic status, Cohen argues that consumption was driven by retailers, marketers, and producers who prescribed a Keynesian notion of consumption as the fuel for America's postwar growth. "Personal consumption," Cohen writes, "was not a personal indulgence." Rather, "it was a civic responsibility designed to improve the living standards of all Americans, a critical part of a prosperity-producing cycle of expanded consumer demand fueling greater production," and creating more jobs.<sup>78</sup> Cohen calls this new kind of patriotic buyer the "citizen consumer," one for whom participation in mass consumption was an act of fidelity to the capitalist system and the United States and the

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<sup>77</sup>Lizabeth Cohen, "From Town Center to Shopping Center: The Reconfiguration of Community Marketplaces in Postwar America," *The American Historical Review* 1.4 (October, 1996): 1050-1081.

<sup>78</sup> Lizabeth Cohen, "A Consumer's Republic: The Politics of Mass Consumption in Postwar America," *The Journal of Social Research* 31.1 (June, 2004): 236-239. Quoted on 236.

discourse of Keynesian-driven prosperity. Private consumption thus became a socially productive act; the “citizen consumer” could now feel satisfied as a contributing citizen simply through consuming, rather than through more social or economic means.

By the 1960s, as markets for primary mass consumer goods like automobiles and appliances became saturated, marketing agents turned toward market fragmentation as a potential strategy for continued profits. Market fragmentation reflected the increasingly class- and race-fragmented metropolitan landscape, and also created new fractures in the idea of mass consumption facilitated by a growing, and relatively homogenous, middle class. Most poignantly, techniques of market fragmentation were adopted by politicians in the 1960s, who marketed political visions, often marked by styles of consumptions, to increasingly disparate, particular groups, which emphasized difference. In the present day, Cohen sees something that she terms the “consumerization of the republic,” the somewhat disparaging idea that Americans are increasingly likely to judge their country by what is good for them (as they would a consumer product) rather what is in the best interest of the public.<sup>79</sup>

Finally, the emerging discourse of ethical consumption, deeply related to the citizen-consumer hybrid developed by Cohen and others, “suggests that consumer choice can satisfy an individual’s desire for health and happiness while generating sustainability

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<sup>79</sup> Cohen, *A Consumer’s Republic: The Politics of Mass Consumption in Postwar America* (New York: Alfred A. Knopf, 2003), see particularly 292-410.

and social harmony for society as a whole.”<sup>80</sup> Thus, ethical consumption has the ability to politicize the ostensibly personal act of shopping and address social injustices and capitalist externalities: environmental degradation, unfair labor practices, corporatized farming, and other unsavory consequences of neoliberal modes of production. At a basic discursive level the idea is that consumers can “vote with their dollars” by choosing to purchase goods and services that are consistent with their particular values, thus contributing to a critique of mass production and using consumer choice as an arbiter of social and economic value.<sup>81</sup> Theory surrounding the ethical consumer paradigm complicates the narrative of voting with one’s dollars. One scholar, for example, argues that to most consumers ethical consumption unfolds as a dialectical interplay between an ideal form of consumption and what economic and social reality allows for various consumers.<sup>82</sup> Additionally, scholars have begun to focus on the ideological contradictions in the unifying discourse of ethical consumption, paying particular attention to the limited amount of citizenship that is actually implied in the act of consumption.

My contention here is that ethical consumption, when commodified and turned into a lifestyle choice using urban symbologies, also reinstitutionalizes normative class relationships and invests subjects with progressive meaning that often masks possessive individualism. In Austin, the relationship among class, geography, and consumption is

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<sup>80</sup> Josee Johnston, “Citizen-Consumer Hybrid,” quoted on 232.

<sup>81</sup> Johnston, “Citizen Consumer Hybrid,” 233.

<sup>82</sup> Daniel Miller, *The Dialectics of Shopping* (Chicago: University of Chicago Press, 2001).

obvious: the central city is rapidly becoming a playground for the upper classes; the city, as well as profit-minded developers and some businesses, have marketed the central city as a form of ethical consumption where living, working, shopping, and enjoying leisure time in the central city are seen as ethical in and of themselves. As downtown and the Eastside become more economically exclusive and racially homogenous, more citizens are cut off from these socially-capitalized forms of consumption. One symbolic and actual space where this relationship of consumption and commodification plays out is at Whole Foods Market, one of Austin's most successful indigenous corporations and a symbol of progressive downtown consumption in the city and increasingly in metropolitan areas around the developed world.

One of the harbingers of sustainability and ethical consumption is Whole Foods Market (WFM), the Austin-based retailer whose roughly 300 stores totaled over \$8 billion in sales in 2009.<sup>83</sup> Whole Foods opened in Austin as a natural foods store called SaferWay in 1978, a pun on the supermarket giant Safeway, run by University of Texas drop out John Mackey and his girlfriend Rene Lawson just blocks from the current location in central West Austin. In numerous interviews Mackey relays bootstraps narratives about his early days at SaferWay: that he borrowed \$45,000 from family and friends to open the business, that he was evicted from his apartment for keeping dry goods there, and that he and Rene lived in the SaferWay store without showers for a

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<sup>83</sup> Ilan Brat, "Whole Foods Profits Climb 58% as Lower Prices Pay Off," *Wall Street Journal Online*, <http://online.wsj.com/article/SB10001424052748703506904575592921250777824.html>, Nov. 3, 2009. Accessed Dec. 3, 2010.



period, washing themselves in a dishwasher and occasionally in Barton Springs.<sup>84</sup> In 1980 Mackey joined with two other partners to form Whole Foods, and by the late 1980s the store had expanded into a regional chain with stores around Texas and New Orleans. Throughout the 1990s Whole Foods's dynamic success led to ambitious acquisitions of regional competitors such as Wellspring in North Carolina and various Bread of Life stores. The company went public in 1993 and grew incredibly in value through most of the 2000s, almost tripling the number of stores worldwide between 1999 and 2009 and expanding into the United Kingdom. Whole Foods is now clearly the world's most ubiquitous natural foods retailer, though its privileged position in Austin is unique because of its historical significance to the city.

As one of Austin's most successful and prominent home grown businesses, Whole Foods represents the cutting edge of corporatized progressive consumption in the city. Its privileged location on the western edge of downtown, as an anchor store for the upscale condominium development and other high end retail outlets located in the neighborhood, demonstrates its position as a social and cultural center for Austin. At over 80,000 square feet and replete with many customer comforts, Whole Foods is also easily the largest supermarket in Austin, and the only major one in the entire downtown area. It also reflects the city's commitment to remaking downtown in an upscale manner, a project that the city has been working on for thirty years. In 2008 the City of Austin released a thirty year plan for the downtown area that encourages further transformation

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<sup>84</sup> See, for example, Evan Smith, "John Mackey," in *Texas Monthly* 33.3 (March, 2005): 122-132.

through New Urban-style infill developments, which call for more desirable businesses in the area. As stated at the opening of this chapter, Whole Foods is considered to be an attractive leisure and entertainment destination as well as an upscale grocery store catering to both environmentally-conscious and fine foods markets. The discourse that Whole Foods produces and the symbology of its stores are important indicators of how upscale, environmentally-conscious groceries are imagined by planners for increasingly urban markets.<sup>85</sup>

On March 3, 2005, Whole Foods opened a new 80,000 square foot “landmark store” on the western edge of downtown Austin. The store was the largest Whole Foods to date, fitting for the urban location where the chain began as a small, local natural foods store exactly twenty-five years before just blocks away. The new Whole Foods was the symbol of the chain’s incredible success; CEO and founder John Mackey said “every department features more variety than you’d find in a stand-alone specialty shop – but with products free of artificial additives, sweeteners, colorings, preservatives, and hydrogenated oils.” Whole Foods, Mackey continued, “is committed to the goal of being not only the best natural foods store, but the finest food retailer in every community we serve.” The retailing principles employed by Whole Foods, and its focus on natural items,

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<sup>85</sup> The City Plan employs language that is not subtle about its intentions in this regard. The opening paragraph claims that “Downtown is no longer just a place for conducting business or enjoying live music or dining out. It has become a neighborhood in its own right – a place where people are living, working and playing – a place that offers new lifestyle choices – a place that is contributing to a long-standing vision of a mixed-use urban district at the heart of a sustainable region.” “Downtown Austin Plan: Draft for Community Review,” (November, 2010), [ftp://ftp.ci.austin.tx.us/DowntownAustinPlan/dap\\_final\\_report\\_11-15-10.pdf](ftp://ftp.ci.austin.tx.us/DowntownAustinPlan/dap_final_report_11-15-10.pdf), Accessed December 5, 2010.

made the chain a giant in less than thirty years, boasting 195 stores with annual sales of \$5.6 billion by 2007.<sup>86</sup> In May 2011, the Whole Foods empire claimed 304 stores worldwide, and Mackey announced plans to expand the chain to 1,000 internally funded stores, an obvious indication of Whole Foods's spectacular success.<sup>87</sup>

Whole Foods's success is owed in large part to the unique, natural items it sells, but also to the way the store markets its products and itself. Unlike more traditional American groceries, Whole Foods portrays shopping as a social and cultural experience rather than a mundane task of domestic consumption designed to fulfill a basic need. Mackey made this point explicit: "There is a paradox in American society that people love food and they love to shop, and yet they hate to shop for food. With its inviting atmosphere, this new store in Austin will aim to change that and will take the chore out of shopping and turn it in to a fun, pleasurable experience." The "landmark" store in Austin features "bright colors reminiscent of an outdoor farmers market" that minimize the grocery store feel and attempt to make consumption more nostalgic. Additionally, Whole Foods turns grocery shopping into an event (or better events), literally. The property features restaurants inside such as Lamar Street Greens, where customers "can eat made to order salads and drink a glass of wine as they watch the chef at work." Customers are

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<sup>86</sup> N.A., "Whole Foods set to Unveil new "Landmark" Store, February 23, 2005, [progressivegrocer.com](http://progressivegrocer.com), accessed December 5, 2010; Joanna Bowery, "Organic, Local . . . So What's New?" *Marketing*, June 13, 2007.

<sup>87</sup> Elliot Zwiebach, "Whole Foods Sets Expansion Target: 1,000 Stores," *Supermarket News*, [http://supermarketnews.com/retail\\_financial/whole\\_foods\\_expansion\\_0509/index.html](http://supermarketnews.com/retail_financial/whole_foods_expansion_0509/index.html), accessed September 16, 2011.

encouraged to become audience members and even actors in a variety of ways: “Aiming for ‘high theater’ with its seafood presentation, the new store will merchandise more than 150 fresh seafood items and on-the-spot shucking, cooking, smoking, slicing, and frying to order.” Some locations include a “chocolate enrobing station,” where anything can be encased in a wonderful layer of chocolate on the spot. The 25,000 square foot rooftop deck, replete with “garden and plaza with 200 shaded seats, a space for entertainers, a ‘playscape,’ flowing stream, native landscaping, and prime city views” hosts concerts and other social events as well as serving as a café. The outdoor areas around the store were intentionally designed to look like a public park surrounded by a hot, exhaust filled parking lot similar to suburban big box stores. There is even a community education center that features cooking classes and other social and cultural events that far surpass the traditional shopping function of most grocery stores. Here, the mundane act of shopping is hidden behind a dizzying array of consumption and performative events.<sup>88</sup>

Recently the store has branched out from natural foods into “Lifestyle” concepts, which market and sell a wide variety of eco-friendly non-food items, ranging from organic blue jeans to paints free of volatile compounds. The “Lifestyle” concept “reflects the company’s founding values in other aspects of life” and a consistent commitment to sustainable practices. Some stores now have “wellness clubs,” which “offer nutrition

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<sup>88</sup> “Whole Foods Set to Unveil new “Landmark” Store”; “Whole Foods Market Announces Details of New Landmark Store,” *progressivegrocer.com*, June 9, 2003; Rachel Feit, “Market Study: With the Opening of the New Whole Foods, the Grocery Business in Austin and Elsewhere is at its Apex,” *Austin Chronicle*, March 25, 2005; Evan Smith, “John Mackey.”

education, discounts on groceries and other health-related benefits,” for a monthly fee of \$40 or \$50. According to Whole Foods’s wellness club team leader, “The mission of the Wellness Club is to provide an inviting environment where members are empowered to make educated and positive lifestyle choices that promote their long-term health and well-being through coaching, delicious food and a supportive community.” He continued, “It will feature courses and lectures developed by medical doctors, inspirational and informative skill-building classes, supper clubs and special events, coaching and support.”<sup>89</sup> The idea of educating consumers is an important tenet of the Whole Foods business model. One London journalist claims that Whole Foods has done more than any other organization to educate mainstream American consumers about the ethics of the food chain and unsustainable or unhealthy items and practices regarding commercial foods.<sup>90</sup> The company also runs contests that encourage customers to buy green products and promote green lifestyles. One contestant wrote that “I love green cleaning and I understand the higher prices, but I’m not the money-earner in the house, and the money-earner in the house doesn’t really understand.”<sup>91</sup>

Whole Foods also forced suppliers to follow stricter guidelines regarding what constitutes organic non-food products. The “Whole Body Department,” which controls

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<sup>89</sup> Mark Hamstra, “Whole Foods Plans Club Fees,” *Supermarket News*, June 27, 2011, <http://www.lexisnexis.com.ezproxy.lib.utexas.edu/hottopics/lnacademic/>, accessed September 16, 2011.

<sup>90</sup> N.A., “Whole Foods to Launch New ‘Lifestyle’ Concept in Hollywood,” *Progressive Grocer*, September 26, 2005; Joanna Bowery, “Organic, Local . . . So What’s New?” *Marketing*, June 13, 2007.

<sup>91</sup> N.A., “Whole Foods Hosts Green Cleaning Contest,” *Supermarket News*, April 25, 2011, <http://www.lexisnexis.com.ezproxy.lib.utexas.edu/hottopics/lnacademic/>, accessed, September 16, 2011

the retailing of products like cosmetics, shampoo, and other personal care products, indicated that Whole Foods's consumers require "authenticity and transparency" in the makeup of their products.<sup>92</sup> The corporation also created a five step Animal Welfare Rating system designed to "offer Whole Foods shoppers a way to make more informed choices at the meat counter," by rating the level of care given to livestock raised for meat processing.<sup>93</sup> Animal welfare and sustainable practices are clearly a major part of the lifestyle that Whole Foods presents to consumers.

Symbolically, what Whole Foods offers its shoppers is a means of consuming, and increasingly an entire lifestyle, that avoids complicity in the ongoing global abuse and oppression of third world farmers, laborers, animals, and the environment itself and absolves shoppers of responsibility for their own class positions in that global order. There are numerous examples of consumption taking on ethical dimensions, most notably the fruit strikes that helped migrant laborers organize against growers in the 1960s. But at Whole Foods progressive consumption moves away from the austerity, self-denial, and activism generally associated with past acts that politicized consumption. As one astute observer who worked in Whole Foods noted, "[a]lthough the activist impulse is still alive, and felt in many small ways as you walk the aisles, the sense of relief from

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<sup>92</sup> Bob Gatty, "Attacking Organic Fraud," *Progressive Grocer*, March, 2011, <http://www.lexisnexis.com.ezproxy.lib.utexas.edu/hottopics/lnacademic/>, accessed September 16, 2011.

<sup>93</sup> N.A., "Whole Foods Rates Animal Welfare," *Supermarket News*, February 2, 2011, <http://www.lexisnexis.com.ezproxy.lib.utexas.edu/hottopics/lnacademic/>, accessed September 16, 2011.

consumer sin is much more prevalent.”<sup>94</sup> The psychological benefit provided by this “relief from consumer sin,” despite the occasional trip to the chocolate enrobing station, is accompanied by other benefits to shoppers at WFM. One is related to health and sustainability. Whole Foods’s rhetoric often seamlessly blends the concepts of healthy and sustainable consumables. Because nearly all of their food is healthy, and because their advertising relentlessly discusses where food comes from and how it is produced, it is easy to assume that consuming there equates to sustainability. In reality, however, there is no sacrifice being made when shopping at Whole Foods, other than paying more money for healthier food that also confers psychological benefits.

In Austin, as elsewhere, Whole Foods also represents a commitment to urban restructuring and functions as an anchor for trendy new consumption/entertainment malls intended to revitalize urban areas. Although Whole Foods is rarely at the forefront of revitalization, in cities like Chicago and Philadelphia stores have moved in once neighborhoods demonstrated the capacity to attract upscale residents. While new urban malls are usually privately funded, they are strongly encouraged by public officials and the city. The new Austin store was called a “key anchor of Austin’s downtown revitalization efforts” and lauded as a center of social and economic activity in Austin. The building was envisioned as the center of “The Market District,” Schlosser Development Corporation’s vision for the already upscale neighborhood that would include “artistic, cultural, and community elements” incorporated into shopping centers.

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<sup>94</sup> Wurgaft, “East of Eden,” 90.

This new “urban retail destination” would be equipped with modern technological luxuries that make shopping more convenient and pleasurable, including shopping cart escalators and a 900 space below-ground parking facility at the new Austin store. Here, the new practices of urban consumption are sold to an upscale clientele along with upscale products. Whole Foods is thus much more than an urban grocery store; it is a palace of consumption for the twenty-first century and a harbinger of new class relations in the inner city areas around the country.<sup>95</sup>

In this capacity it also seems clear that the City of Austin envisions Whole Foods as the consumption-driven center of its remade downtown neighborhood. The Whole Foods complex is within walking distance of the new high rise residential complexes that now dominate the downtown skyline and have made up the bulk of development efforts on the western side of downtown since Whole Foods relocated in 2005. The centerpiece of the Austin Plan of 2008 is a revamped downtown, planned using new urban strategies and designed to make the downtown more livable and more dynamic. The plan for a mixed use downtown, organized around new urban themes of “appropriate density,” vertical mixed use architecture, walkable and compact blocks, and day and night activities promises that “the change that is occurring offers many exciting opportunities to reinforce downtown as the community’s gathering place - the cultural, commercial, civic heart of the region -an inclusive urban district where people live, work, play - a demonstration of the

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<sup>95</sup>“Whole Foods Set to Unveil new ‘Landmark’ Store”; “Whole Foods Market Announces Details of New Landmark Store,” *Progressive Grocer*, June 9, 2003.



community's commitment to responsible and sustainable growth and to 'green building.'"<sup>96</sup>

The very positive and inclusive rhetoric of city planning aside, New Urbanism also promises a downtown area with diverse business activities and residential spaces, the goal being an economically vibrant urban centerpiece that maximizes its tax revenue by encouraging higher density, integrated businesses, and very broadly more consumption. Optimal use of space in this case will bring optimal profit to the city, and higher density will mean more affluent consumers in the downtown area. According to the 2000 census, the downtown area had about 2,000 residential units; by 2010 that number was expected to be roughly 8,500. In 2007, the median price for a high rise one bedroom condominium in downtown Austin was \$468,669; a low rise one bedroom was \$285,086.

Unsurprisingly, both of these prices far outpace average home prices throughout Austin, and the condo units are obviously built for people without kids.<sup>97</sup> Although the plan acknowledges that unaffordable downtown development may pose social problems, the City of Austin has made no effort to mitigate prices or subsidize more affordable development.

Austin's central core thus becomes more sustainable as its centers of social and economic capital become more fixed on the downtown landscape. If demographic trends

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<sup>96</sup> Roma Design Group + HR&A Advisors, Inc., "Downtown Austin Plan, Phase One: Issues and Opportunities Joint Briefing," 5.

<sup>97</sup> Ibid., 83-95.

continue, the central city will soon be a consumption-driven playland for the affluent and young professionals who will often live, work, and spend leisure time in a central city that caters exclusively to their tastes and their incomes. In Austin, there is little disputed urban terrain to mitigate wholesale redevelopment emanating from the CBD under the logic of capitalism. Increasingly other classes of people will have no place there, in a similar yet inverted relationship to the exclusive residences and commercial areas that dominated wealthy suburbs for decades and produced incredibly homogenous class geographies in the U.S. In Austin, the central city is becoming a new form of the homogenous suburb that urban-minded developers tried to replace. Instead of seeing affluent suburbanites driving on freeways through urban ghettos to ballparks and urban malls, we will witness affluent urbanites driving on freeways through underclass outer areas to reach pristine natural areas. The geography may be radically different, but class and race relations have changed minimally.

## **Epilogue: The Prospects for Sustainability and the Contemporary Urban Landscape**

In the broadest sense, cities are agglomerations of capital and human labor on the landscape. As such, the never-ending variations in cities, their general features as well as their particular local anomalies, can be viewed as manifestations of the logic of capitalism. The manifestation of Austin, then, and its preeminence among contemporary cities can provide us with some initial ideas about the trajectory of American urban growth and the contemporary urban landscape moving forward. Perhaps what is most unique about Austin among North American cities today is its obvious lack of industrial architecture, both physical and social. There is something less urban, less foreboding, and perhaps more romantic about Austin compared to most other cities its size. In Austin, hipsters ride their bikes through the “ghetto” at night and the most revered civic space is a swimming pool. The middle class tourist from out of town does not need to worry about making a wrong turn or finding him or herself on the wrong side of the tracks in Austin. The city extolls its own “weirdness,” which in Austin means small businesses, artists, and live music – all bastions of middle class creativity as well as attempts to demarcate the city’s authenticity - but rarely the organic “weirdness,” indigenous to most large cities, that emanates from the inherent dramas of socioeconomic diversity and disparate yet concentrated populations. “In its various and many-sided life,” Lewis Mumford wrote, “in its various opportunities for social disharmony and conflict, the city creates drama;

the suburb lacks it.”<sup>1</sup> In the popular imaginary and, I think, in reality, Austin sits somewhere in that middle ground between city and suburb.

One of the primary themes running through this dissertation is the myriad and concerted efforts Austin leaders and ordinary citizens made – in the landscape, the local economy, the racial geography, and the labor market – to avoid becoming a city. Before World War Two, Austin’s lack of urbanity was axiomatic: the state government and the university allowed leaders to let the town grow naturally and slowly. After World War Two, however, Austin, like many other cities in the Southwest, found itself in a competitive battle for resources and new leading economic sectors that it needed to develop in order to stay viable. Crucially, the city’s business, political, and academic elite chose a growth paradigm that fit with the existing social structure and avoided the dirty, fordist industrial mode of production that characterized most large metropolises and increasingly some smaller cities during the postwar period. Favoring “industry without smokestacks” and cultivating an essentially non-industrial citizenry and landscape became the goal. For the most part, this trajectory has defined Austin’s development ever since, even as Austin has undeniably become a city by any demographic or popular definition. Because of the lack of industrial architecture, Austin provides a clearer view of the new techno-capitalism, relatively uncluttered by the slowly-dying industrial modes of production and infrastructure in many larger cities. Here the cognitive-culture aspect

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<sup>1</sup> Lewis Mumford, “The City in History,” in *The City Reader*, edited by Richard T. LeGates and Frederic Stout, 92-97 (New York: Routledge, 1996). Originally printed in *The Architectural Record* (1937). Quoted on 94.

of capitalism is so dominant that it cannot help but be wholly and obviously visible. And it appears laudable. Judging by the lists of Austin's awards, its robust economy, its acclaim in the popular imagination, and its social and cultural capital, it has become one of the most appealing cities in the contemporary U.S and an example of responsible and desirable growth. Although the moniker "creative class" today hides the socioeconomic implications, though, Austin remains "primarily a city of upper middle class citizens" just as it was in 1960.

What we can learn from Austin in this regard is that the collective emphasis on harnessing local advantages and putting them to use through discourse and culture can be extremely beneficial for cities and regions. Perhaps the most important facet of Austin's growth has been the remarkable cohesion and consistency of local economic development policies. Between World War Two and 1970, city and university officials as well as businesspeople (and often powerful figures fit simultaneously into two or even three of these categories) saw cooperative planning as mutually beneficial. The university's policies were rarely at odds with the city's policies, and the city promoted the university relentlessly. The small size of the city was key in this regard because avenues for growth appeared limited to the university and its crucial human and technological assets. At the same time, a focus on the university exacerbated problems for unskilled workers and minorities who had little political power and whose needs were consistently undermined by the focus on building a knowledge economy. Since the 1980s, the concerted effort to develop and nurture technology firms emanating from the

university has become even more intense; the city has worked to attract outside firms as well. The consistent factor remains a focus on highly skilled labor and the cultural, architectural, and social apparatus that ostensibly caters to skilled laborers. Austin has been immensely successful at branding itself using its cultural apparatus and attendant symbols: its self-generated moniker “live music capital of the world” may be the best example of Austin’s branding, along with the recent movement to equate small businesses with weirdness, as if more “normal” cities lack small businesses.

But the shiny veneer of Austin’s success obfuscates basic tensions that demonstrate tendencies of the emergent form of techno-capitalism and its manifestations on the landscape. While mid-sized cities may be more manageable, this is of course not exactly the reason why they have been successful in recent decades and why demographers predict continued growth. There are plenty of smaller cities that have social and economic problems akin to the worst large metropolitan areas in the U.S. What Austin consciously constructed, and has had for many years, is a relatively upscale labor market that has perpetuated itself through the continual creation of new sectors based on technology and other forms of knowledge production as the global market for knowledge-based commodities has consistently expanded. The supply of knowledge labor is important, but it has little staying power without means and modes of production that harness it. This is what management specialists like J. Neils Thompson and George Kozmetsky understood, and what is at odds in Florida’s formulations: that labor power is of no use to local economies without firms and institutions that can take advantage of it

through regional specialization. Labor does not agglomerate without work. My contention has been that the skilled, educated labor force that Austin has generated and attracted is largely responsible for fueling its cultural apparatus with surplus income. A recent report found that Austinites spend more disposable income per capita on non-essentials than residents of any other major American city.<sup>2</sup> At the same time, Austin's regional specialization has had deleterious effects on already marginalized citizens who lack the education and opportunities to flourish in the new economy. Austin's economy may be growing increasingly diversified in terms of knowledge production and attendant forms of neoartisanal production or upscale consumption, but it also appears to be growing less diverse in terms of job opportunities that do not fit those parameters.

The outmigration of African Americans and increasing levels of overall poverty, both occurring despite robust overall economic growth in Austin, are indicative of the bifurcating effects that techno-capitalism can generate. African American population in Austin has remained stagnant in Austin for decades, even as the city has grown precipitously. Between 2000 and 2010, real African American population declined in Austin by over six percent. In terms of percentage of the whole, African American population loss is much steeper. From 1990 to 2010, the African American population

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<sup>2</sup> "How America Spends: The 2010 Bundle Report, Spending by City," <http://www.bundle.com/article/Assets2010-Bundle-Report-Spending-city-10139> (Accessed August 10, 2010).

has diminished from 11.9 percent of the overall population to 7.7 percent.<sup>3</sup> Declining African American population share has been consistent for at least seventy years and appears permanent in Austin, despite recent decreases in residential segregation. Concentrations of minority population and poverty have also been dispersing since 1990 as the city has remade centralized areas. Austin's level of poverty has also increased markedly over the previous decade. Between 2000 and 2009, Austin's poverty rate grew by four percent, from 14.4 percent to 18.4 percent.<sup>4</sup> While some of this increase may be due to the national economic downturn, Austin's overall economy has remained unusually strong during the last decade; it is more plausible that the increase is due to a growing underclass, which is made up largely of immigrants and citizens who no longer participate in the labor market at all. Although difficult to document it appears that casual labor markets are on the rise in Austin. The city now operates the First Workers Day Labor Center, which can supply contractors with short term workers specializing in bricklaying, concrete finishing, carpentry, framing, moving and packing, painting, plumbing, roofing, post hole digging/trenching, tile setting, domestic work, tree trimming, yard and lawn work, welding, demolition, and many other skills according the

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<sup>3</sup> "City of Austin Demographic Profile," [http://www.ci.austin.tx.us/demographics/downloads/city\\_of\\_austin\\_profile\\_2010.pdf](http://www.ci.austin.tx.us/demographics/downloads/city_of_austin_profile_2010.pdf), accessed October 20, 2011.

<sup>4</sup> "City of Austin Demographic Profile," [http://www.ci.austin.tx.us/demographics/downloads/city\\_of\\_austin\\_profile\\_2010.pdf](http://www.ci.austin.tx.us/demographics/downloads/city_of_austin_profile_2010.pdf), accessed October 20, 2011.



city-run website.<sup>5</sup> These are the services performed by an increasingly marginalized group of workers, often times immigrants cut off from the foundations of citizenship and thus voices in their communities. Even in a non-industrial city like Austin, these jobs used to at least provide a modicum of stability and a livable wage. As low skill jobs are increasingly marked by untenable wages and inconsistent labor rhythms, it is no wonder that low and semi-skilled workers have left Austin or dropped out of the labor market.

Another basic tension that this increasing bifurcation indicates is the wide chasm between notions of environmental and social sustainability, despite rhetoric that pays lip service to social justice. The concept of urban sustainability, which has grown out of the more general discourse of environmental sustainability, is currently dominant among urban and regional planners. Steven A. Moore's *Alternative Routes to the Sustainable City: Austin, Curitiba, and Frankfurt* focuses on Austin's relatively successful implementation of environmentally and economically sustainable policies.<sup>6</sup> While Moore's emphasis on the importance of public discourse is valuable and unique, like most other scholarly works on urban sustainability he focuses on practices that cities implement to curb pollution and forms of architecture, technology, and municipal

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<sup>5</sup>Austin/travis County Health and Human Services Department, "Day Labor Program," [http://cityofaustin.org/health/day\\_labor.htm](http://cityofaustin.org/health/day_labor.htm), accessed October 17, 2011. This argument is also addressed in Emily Skop, "Austin: A City Divided," in *The African Diaspora in the United States and Canada at the Dawn of the Twenty-first Century*, edited by John Frasier, Joe T. Darden, and Norah F. Henry, 109-122 (New York: Academic Publishing, 2009).

<sup>6</sup> Steven A. Moore, *Alternative Routes to the Sustainable City: Austin, Curitiba, and Frankfurt* (Lanham: Lexington Books, 2007).

services that are environmentally sound.<sup>7</sup> Moore finds that in Austin sustainable environmental practices have been institutionalized primarily because Austin's citizens have publicly addressed and demanded them. The city has won numerous environmental awards since 2000 as well. But how are we to judge the overall viability of urban growth as African Americans move out, the affluent recolonize the central city, and the labor market becomes increasingly bifurcated and tenuous?

This is to say that ideologies of sustainability need to adopt a more social focus. Austin citizens, and particularly progressives, have focused on maintaining and conserving the city's natural environment for decades. But, as Chapter Three argues, focus on the environment came largely without racial reconciliation, as environmental and quality of life discrepancies among the races perpetuated difference in the city. The smart growth ideology that evolved and matured during the 1990s and 2000s had a similar effect: while Austin became more ecologically responsible by curtailing environmentally harmful development, the development that was funneled back into the central city dislocated and fractured minority communities. One does not have to be particularly creative to imagine the outcome of this type of redevelopment if left unchecked. Sustainability, like the central city, will again take on class and race characteristics. People of means will have access to, and the ability to create, environmentally sustainable cities while people who do not will be increasingly

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<sup>7</sup> Kent E. Portnoy, *Taking Sustainable Cities Seriously: Economic Development, the Environment, and Quality of Life in American Cities* (Cambridge: MIT Press, 2003); Joan Fitzgerald, *Emerald Cities: Urban Sustainability and Economic Development* (New York: Oxford University Press, 2010).

segregated into unsustainable, undesirable, and often unhealthy communities. This is not to say that environmental sustainability is misguided, poorly conceived, or otherwise erroneous; as Earth's population grows and resources become more scarce efficient cities become more vital. I do want to indicate, though, that the benefits of sustainable practices need to be applied to all residents, not just the affluent or vocal. We must find means to keep our cities balanced among diverse and disparate communities, as well as in balance with nature.

Looking out on the urban horizon, and taking a somewhat long view of future possibilities for sustainable cities, responsible growth will necessitate a reconceptualization and localization of production that can support diverse labor markets as well as far-off farmers or artisanal craftspeople. We will have to develop communities that provide decent jobs for a wide range of people in terms of skills and demographic profiles. Austin has of course had the advantage of a highly skilled, knowledge-based labor market that has proven to be reproducible from within and also an attractive force for outside capital as well as generative of indigenous forms of production that are still evolving. But local forms of production need to provide for greater economic and social diversity, and activist-minded citizens need to fight to businesses that provide jobs for all classes of people, not just for sites of consumption that fit their aesthetic and social preferences. A strong movement towards local chains of production, identifiable today in all facets of society and in most urban areas, is a great first step towards equity. As global economic and environmental conditions necessitate increasingly local chains of

production (primarily through higher energy and transportation cost) American cities will face a unique opportunity: the chance to create markets that are wholly sustainable locally. But that vision will remain unfulfilled without a notion of class diversity in the concept of sustainable development.

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